

# IMPulse

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**The Idaho Statesman**

Boise, Idaho

**Tuesday January 16, 2018**

**Betsy Z Russell**

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## Have questions about Idaho's proposed health care plan? So does the state's budget committee

The Idaho Legislature's joint budget committee took a deep dive into the proposed Idaho Health Care Plan on Monday morning at a special hearing.

The plan calls for Idaho to seek two waivers from the federal government, both aimed at lowering the cost of health insurance in Idaho and improving access -- allowing 35,000 Idahoans who now fall into a coverage gap to purchase subsidized insurance plans through the state insurance exchange.

State Insurance Director Dean Cameron and Health and Welfare's Director Russ Barron and Deputy Director Lori Wolff presented the overview to the Joint Finance-Appropriations Committee.

"This proposal will make a significant difference in thousands of Idahoans' lives," Cameron, a former JFAC co-chair, told the lawmakers. "It will make a difference in those with severe health conditions, to be able to find better coverage at lower cost. It will make a difference for Idaho families who don't qualify for assistance because their income isn't high enough."

Cameron added, "It's a basic unfairness, in my opinion, that someone who actually makes more than they can get a subsidy, but those families can't. Or a legal non-citizen."

Because Idaho never chose to expand Medicaid under the Affordable Care Act, people whose income is less than 100 percent of the federal poverty level don't qualify for the subsidies that those who make more can get to buy insurance on the exchange; they also don't qualify for Idaho's limited Medicaid program. Under federal law, legal non-citizens who fall into the same income group do qualify for the subsidies.

The Idaho Health Care Plan includes two waivers: One to let those low-income Idahoans qualify for the same subsidies their higher-income neighbors can get; and another to shift a small group, numbering 2,500 to 3,500 people, who suffer from specific serious and costly medical conditions to shift onto the Medicaid rolls during the duration of their illness. That's expected to lower costs on the exchange, offsetting the increased cost of providing coverage for more people there.

Cameron said the dual waiver plan is separate from the executive order that Gov. Butch Otter and Lt. Gov. Brad Little signed in early January, to allow Idaho to authorize the sale of some insurance plans that don't meet ACA standards, aimed at offering low-cost options. "This is another completely separate effort, so it should not be confused with this effort," Cameron said. "It is completely separate from the Idaho Health Care Plan. While the goals are the same -- to reduce and lower rates for Idaho families -- it is targeted at a different population."

Cameron said the plans to be offered under the executive order will be "significantly lower in price, 30 to 50 percent lower in price, but they will not have everything covered exactly the same way as the current ACA plans are covered. That effort is targeted at a different market - those who can't qualify for a subsidy for other reasons."

In response to questions from committee members, Cameron said out of Idaho's population of roughly 1.7 million people, based on 2016 data, 853,000 Idahoans were insured through the private health insurance market; and 580,000 were insured through the public market, including Medicare, Medicaid, and other public programs such

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as those for the military. That means just over 1.4 million have "some sort of coverage," he said. "So the rest are going without. Some of them fall into the gap. ... some of them are choosing to go without coverage because they can't afford it."

Cameron said prior to passage of the Affordable Care Act (ACA), also known as Obamacare, Idaho had some of the lowest rates for health insurance in the country. A longtime insurance agent, he said the state also had "an adequate mix of healthy people with unhealthy people" in its insurance pool, which is essential to having sustainable insurance costs.

"In 2012, we had \$173 million worth of claims paid out, vs. \$216 million worth of premiums collected," he said, adding that those figures don't take into account expenses, commissions, taxes and administrative costs. But in 2016, after passage of the ACA, Idaho had \$615 million in premiums paid, and \$640 million in claims.

"It completely flipped, and it was a dramatic increase," he said. "The ACA changed the rules. Everyone had to come into the pool, and they tried to discourage the healthy from leaving the pool, but that discouragement failed. ... Our experience in Idaho has been completely different than what was projected."

As a result, he said, "Those with health conditions came in large numbers, and the healthy individuals began to leave. ... Rates went up. ... The cycle repeated itself. The insurance pool became sicker and sicker."

Now, he said, there are essentially two groups of people in the state's individual insurance market: Those who qualify for a subsidy, and those who are so unhealthy that they absolutely need coverage despite the high cost.

"Left unchanged, even those with health conditions, who truly need the coverage, will eventually be forced out of coverage, or carriers will be forced to withdraw from the market," Cameron said. "This is certainly what we're seeing in other states."

The Idaho Health Care Plan "attempts to improve the overall health of the pool by doing two things," Cameron said: Address those with the highest costs, who are driving up overall rates; and allowing those below 100 percent of the federal poverty rate "to qualify for some subsidy, thereby bringing them back into the pool."

Cameron said, "The consequences of doing nothing are too painful for Idaho families. The Idaho Health Care Plan improves the risk pool by reducing the cost for those with high-risk conditions and introducing new individuals into the marketplace."

JFAC members had plenty of questions. Among them:

Sen. Jeff Agenbroad, R-Nampa, said, "I think this is a great start, but I think we've got a long way to go." He said he's been reading about waivers some other states, including Kentucky, are seeking, including requiring Medicaid recipients to work, and asked if Idaho might head that direction as well.

Barron responded, "What we know so far, those who are medically fragile, we cannot require them to work under this new information that has come out." Those who would qualify for subsidized exchange plans through the Idaho Health Care Plan already have to be working - with income at certain levels and filing annual federal tax returns - in order to qualify. "So I do not see any impact on this process, this waiver that we're attempting to submit," he said. The issue of work requirements for Medicaid largely will affect states that expanded Medicaid under the ACA, Barron said; Idaho never took that step.

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Rep. Phylis King, D-Boise, asked, "What happens if the federal government doesn't get this stuff done in a timely manner?"

"We've had discussions with them letting them know what our timeline is," and they've been supportive, Barron replied. However, if federal approval were delayed, Idaho's plan would get "pushed out," he said.

Sen. Steve Bair, R-Blackfoot, asked, "How certain are we ... that insurance companies will actually lower their premiums?"

"We're very certain," Cameron replied.

If the waiver goes through, he said, "Actuarially we can justify a 20 percent reduction, so we are asking carriers to reduce their rates by 20 percent of their filing for next year." That will be for 2019 insurance rates, he said.

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