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**The Spokesman-Review**

Spokane, Washington

**Wednesday January 17, 2018**

**Betsy Z Russell**

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## Idaho's plan to fix health coverage gap clears first legislative hurdle

BOISE - Legislation to allow Idaho's state government to seek two federal waivers aimed at cutting costs and covering roughly half of the Idahoans who now fall into a health coverage gap was introduced in a House committee on Monday, with three Republicans voting "no."

"This proposal will make a significant difference in thousands of Idahoans' lives," state Insurance Director Dean Cameron told 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."

He added, "It's a basic unfairness, in my opinion, that someone who actually makes more than them can get a subsidy, but those families can't. Or a legal noncitizen."

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 state insurance exchange; they also don't qualify for Idaho's limited Medicaid program. Under federal law, legal noncitizens who fall into the same income group do qualify for the subsidies.

The Idaho Health Care Plan includes two waivers: One to let about 35,000 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 a list of 12 specific serious and costly medical conditions - including cystic fibrosis, certain cancers and end-stage liver disease - 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.

Three GOP members of the House Health and Welfare Committee voted against introducing the bill, which will be up for public hearings in the coming weeks before it can move out of the committee.

Rep. John VanderWoude, R-Nampa, said he thought the bill was too vague and didn't "put the meat on the bones" to specify what exactly Idaho would seek in federal waivers. "It sounds like a really good plan. I credit them for the option, but I think this bill is just too wide open," he said. "I think this authorizes any waiver regardless of what it looks like when it gets there. I know we're going to have a discussion later, but I think this bill is a little too broad."

Cameron responded, "Unfortunately, the more specific we get the more difficult it gets to get it approved by the federal government."

House Health and Welfare Committee Chairman Fred Wood, R-Burley, said his intent is to hold an informational hearing on the plan in about 10 days and invite the entire Legislature. Then, a week later, his committee would hold its formal hearing and vote on whether to advance the bill to the full House.

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"We want all the opportunity in the world for this committee and the entire Legislature to get all of their questions asked about exactly what this program is, how the program is going to operate, what the cost of the program is, etc., etc.," Wood said, "so we can make an informed decision."

Rep. Bryan Zollinger, R-Idaho Falls, said he had "kind of heartburn" about the lack of detail in the bill, such as the list of specific medical conditions. That list, however, was presented in full to the Legislature's joint budget committee on Monday morning, and will be covered in detail in the upcoming hearings.

Rep. Karey Hanks, R-St. Anthony, said, "I will be voting no on this. I think the federal ramifications and the fiscal ramifications to the other taxpayers, so just letting you know I will be voting no."

All other committee members, from both parties, backed introduction of the bill. Rep. Eric Redman, R-Athol, said, "I'm very interested in seeing what the full details are. If there's a way of reducing our premiums on our individual plans, that'd be great."

The Legislature's joint budget committee also held a special hearing on the Idaho Health Care Plan on Monday morning, and had numerous questions.

Rep. Melissa Wintrow, D-Boise, asked about coverage for behavioral health under the Idaho Health Care Plan. Russ Barron, director of the Idaho Department of Health and Welfare, said the 35,000 Idahoans who would qualify for subsidies would be buying fully ACA-compliant plans on the exchange, so they would get coverage for behavioral health, just as they would have if Idaho had expanded Medicaid to cover them.

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 budget 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 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 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.

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"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."

He said insurers are expected to lower their premiums for exchange plans by 20 percent if the plan proceeds.

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."

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