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FOR YOUR INFORMATION

The Idaho Statesman

Boise, Idaho

Wednesday, February 14, 2018

Audrey Dutton

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Blue Cross submits Idaho plans that skirt Obamacare

State will review plans under new guidelines

Blue Cross of Idaho on Tuesday submitted to Idaho insurance regulators a set of five health insurance plans that it hopes to sell this spring under Gov. Butch Otter's controversial executive order.

The executive order and subsequent guidance from the Idaho Department of Insurance set the stage for Idaho insurers to create "state-based" health plans that do not comply with the Affordable Care Act, or Obamacare. Blue Cross is the first to file its plans, which could be approved to go to market as early as next month.

"We're excited that they've filed," said Dean Cameron, director of the Idaho Department of Insurance. "Obviously, we're going to review their application carefully and review their rate carefully to make sure they meet our state guidelines, but we're excited for Idaho consumers, because now they'll be given a choice."

Blue Cross estimates that pool of possible customers is 110,000 strong — uninsured middle-class Idahoans.

Many of those Idahoans are going without health insurance because they make too much money to qualify for federal premium subsidies. As premiums rose by more than 20 percent annually in recent years, subsidies have covered the brunt of that increase for lower-income Idahoans, but families making at least 400 percent of the poverty level have been paying full price.

"Their premium has gone from a car payment to a mortgage," said Dave Jeppesen, Blue Cross executive vice president of consumer health care.

Indeed, health insurance premiums for a family with Ada County's median income can eclipse the cost of housing. And a frequent complaint is that the lower-priced plans have such high deductibles that customers can't afford to use them for anything beyond the free preventive care they include.

WHAT DO THE BLUE CROSS PLANS LOOK LIKE?

The new plans are pretty similar to what Blue Cross is selling on Idaho's health insurance exchange, Your Health Idaho.

Deductibles range from \$2,000 to \$10,000. They cover all of the "essential health benefits" that the Affordable Care Act requires, Blue Cross officials said.

One of the plans — a \$5,500-deductible HSA plan — does not include maternity benefits. But the others do.

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The company had considered setting a separate deductible for maternity care — essentially requiring women to pay thousands out of pocket to have a baby. It pulled that at the last minute, deciding to wrap maternity benefits in with the overall deductible.

“In the end, we said the right thing to do was include it in the coverage,” Jeppesen said.

The plans also cover preventive care with a \$0 copay, like the ACA-compliant plans.

Like Blue Cross’s ACA-compliant plans, the “state-based” plans would have narrow networks. That means customers would have to choose between networks of mainly St. Luke’s or mainly Saint Alphonsus providers in the Boise area, for example. And the cost of going outside those networks would be extreme — five or six figures — which is also true of Blue Cross’ ACA-compliant plans.

HOW ARE THE PLANS DIFFERENT?

There are some key differences.

Under Blue Cross’ example “state-based” plan, copays are slightly smaller. But patients would have to pay thousands of dollars more for care before insurance would fully cover their costs. The out-of-pocket maximums in the sample plan are far higher for prescription drugs as well. Those changes combined could more than double a patient’s responsibility for total medical costs.

The state-based Blue Cross plans also have a \$1 million limit on claims for the year. After that, state guidance says a customer would enroll in one of Blue Cross’ ACA-compliant plans on the exchange, starting over with new benefits.

There’s a big difference in monthly premiums, based on the example Blue Cross provided to the Statesman.

For the \$4,000 deductible plan, premiums would range from \$89.91 to \$242.79 for a 21-year-old, compared with \$237.60 for a comparable plan on the exchange.

Premiums for a family of four — ages 8, 12, 30 and 39 — range from \$435.58 to \$1,176.24, compared with \$933.05 for a comparable exchange plan.

TARGET MARKET: HEALTHY MIDDLE CLASS

Why are the plans so much cheaper? That’s where the major difference between the “state-based” and ACA-compliant plans comes in.

If someone applies for a state-based plan, Blue Cross will be allowed to look at the customer’s medical history, require them to fill out a questionnaire about their health, and charge them more if they’re deemed likely to need medical care.

That kind of pricing is not allowed under the Affordable Care Act, which says premiums can only vary regarding geography, age and tobacco use.

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And it's likely to make the "state-based" plans more attractive to healthier and younger customers, who would get lower premiums.

Critics say that could cause a death spiral in the ACA-compliant market as it loses its healthy customers and keeps the sick ones, driving up premiums until they're unsustainable.

Blue Cross executives disagree, as does Cameron.

"We actually think this will stabilize the overall market, because what we're seeing is a drain of healthy people off the marketplace," Jeppesen said.

Cameron also said Tuesday he thinks the new plans will help stabilize premiums overall.

And the big question: Is Blue Cross worried about getting sued for selling plans that don't comply with federal law?

"This is something we have stared at through every lens, including the legal side," Jeppesen said. "The ACA, when it was set up, gave the regulatory authority to the state, and the state is charged with substantially enforcing the ACA. ... We didn't make these decisions, right? The governor gave the order and (the Idaho Department of Insurance) gave the guidance. ... The way the law is set up, that's our regulator."

A law professor that Blue Cross has consulted with on the plans' legal ramifications did not return messages Tuesday.

"I think some of the carriers are waiting to see what the federal action may be, what other actions might be, before they [file 'state-based' plans]," Cameron said. "They're going to make sure the pool's warm before they jump in."

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