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Health exchange issue puts Idaho's governor, Idaho's U.S. House reps at odds

By Brad Iverson-Long
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The U.S. House voted to defund insurance exchanges

U.S. Reps. Mike Simpson and Raul Labrador sided with Republicans last week in stopping funding for health insurance exchanges, which are state-level websites or portals that would help individuals and small businesses buy health insurance. Under the 2010 federal reform plan, states must have exchanges up and running by 2014, but halting funding for states to plan their exchanges could push that back. Gov. Butch Otter originally favored the exchange idea for Idaho. The federal effort at defunding may stall in the Senate.

Health insurance exchanges were promoted by some conservatives prior to the passage of the federal reforms, but Labrador said the federal system is a bad idea. "Exchanges theoretically show promise as a means to bring free market competition to health care, which should bring down costs, but this Health and Human Services 'slush fund' did nothing more than allow the secretary to pick winners and losers among the states," [Labrador said in a news release](#). "We need real healthcare reform in this country and not new systems that will increase rather than decrease costs and spending, as these health exchanges would have done."

Labrador and Simpson are joined in their concern about the cost of exchanges by the Cato Institute, a public policy think tank in Washington, D.C. According to [Cato's Michael Cannon](#), "The exchange won't bring down the cost of insurance ... It will, in fact, probably increase it because of the extra mandates on it. Some people will get subsidies to purchase health insurance in the exchange but a government subsidy doesn't decrease the actual cost of insurance, it merely shifts the cost to another payer. The real problem we have today is the unsustainable increase in the cost of both health care and health insurance. A health insurance exchange won't fix that."

Under the plan the U.S. House voted to defund, states could get \$1.9 billion in grants to plan and implement exchanges, which had to be approved by the federal government. Idaho was up for \$2.5 million, headed to the state Department of Insurance, but [that spending couldn't gain approval in the state House](#). The non-partisan Congressional Budget Office, which projects the impact of federal legislation, said [defunding exchanges could save \\$14 billion over the next decade](#), since it would delay establishing the state exchanges.

The defunding plan, like most other efforts to quash federal health reforms, sailed easily through the U.S. House with support from the GOP majority, but could see little action in the Senate, where Democrats are in control.

"It'll be considerably harder in the Senate to pass through larger reforms of the Obama health care act," said Sen. Mike Crapo's spokesman Lindsay Nothorn. "We've got a sizable minority, but we still are the minority in the Senate." While the House passed a plan to repeal the health care plan, Nothorn said the only meaningful changes to pass the Senate dealt with reducing some tax reporting paperwork requirements for businesses.

"We're hopeful that these bills will get brought up in the Senate," Nothorn told *IdahoReporter.com*. "The problem is that Senate Majority Leader Harry Reid controls the floor."

Health insurance exchanges are a reform idea started by several states, including Utah and Massachusetts, before the federal plan was approved. The idea of the exchange is that it would function somewhat like price-comparison websites used for buying plane tickets or cars. Small businesses or individuals looking to buy health insurance could log onto an exchange's website to compare and purchase plans. Unlike those sites, the state or federal government could enforce some regulations on insurance companies' offerings to buyers, including what plans must cover and how much monthly premiums can rise.

State lawmakers had several debates about whether to accept the federal money to study exchanges, with Otter supporting it and the Idaho Senate originally approving such a plan. Some Republican lawmakers who opposed the federal health care reform package backed accepting the money for exchanges since it would let the state research the issue, and could protect Idaho's ability to regulate insurance within its borders.

"If setting up the exchange is a good process, then why not use federal dollars?" Sen. [Dean Cameron](#), R-Rupert, [said on the Senate floor](#).

During the Senate debate, lawmakers backing both sides of the issue pointed to policy work by The Heritage Foundation, a Washington, D.C.-based conservative think tank. [Heritage backed Massachusetts' exchange plan](#), calling it a better market for buying insurance, but opposed how exchanges are used in the federal reforms.

"They took the concept and kept the label (of exchanges) but changed the context," Heritage health policy expert Edmund Haislmaier told *IdahoReporter.com*. "What people need to understand is that the exchange is a tool and not a solution ... so the question is what are you implementing?"

Haislmaier said the regulations imposed with exchanges could allow the federal government to create parallel requirements

for health insurance plans in every state that could overlap or conflict with existing state laws.

The Heritage Foundation favors repealing the entire health care plan, another effort that was successful in the U.S. House but not the Senate, more than making smaller changes like defunding exchanges.

Haislmaier also [recently wrote a guide for state lawmakers on exchanges](#), calling on state lawmakers to adopt health reforms that run separate or counter to the federal plan. He doesn't take a side on whether more states should follow Idaho in rejecting federal funds for exchanges, saying there are benefits and downsides to accepting or rejecting that money.

"The risk is principally that you're leaving the field open for the federal government to come in and set up this parallel system," Haislmaier said about Idaho lawmakers' course of action.

Idaho is also one of more than 20 states suing the federal government to prevent implementation of the health care reform plan. The multi-state suit Idaho is part of [should have a hearing in June in Atlanta](#).

Tags: [Cato Institute](#), [health insurance exchange](#), [Heritage Foundation](#), [Lindsay Nothorn](#), [Mike Crapo](#), [Raul Labrador](#)

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