MANUSE PLAN WOULD PROTECT NH FROM OBAMACARE EXCHANGES

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Contrary to some of the misinformation circulating in Concord, a state-run health insurance exchange bureaucracy operating on behalf of the federal government is a bad idea, is not required by any federal regulation, and would be an expensive strain on our state budget.

At the centerpiece of President Obama's health care legislation is a mechanism known as an exchange — i.e., a new federal or state bureaucracy to be set up to administer the rules and regulations regarding health insurance under the so-called Affordable Care Act (ACA).

The ACA included hundreds of new regulations and federal mandates to govern health insurance once the law takes full effect. In addition, federal agencies are in the process of issuing thousands of new rules to implement the myriad provisions of the law. To administer those rules, there will be a state-level exchange in each of the 50 states.

The federal government had hoped each state would set up its own exchange and manage the regulations for it while assuming the operating costs of the new regulatory agency.

The law can't require states to set up an exchange. It provides that the federal government will set up and fund a state-level exchange if the state government chooses not to. The majority of states around the country have balked.

Much of the information in this debate is easily misunderstood. One particular piece of information exists only in New Hampshire and is incorrect. Our HHS commissioner

mistakenly claimed that not running the exchange ourselves will cause us to lose our federal Medicaid funding, decimating the state budget.

This claim has not been made in any other state. The Obama administration, which has been eager to have every state establish an exchange, has never alleged any such thing.

It seems unlikely that there is a condition attached to Medicaid that no one else in the country knows about except one lawyer in Concord.

The Cato Institute has published a more authoritative legal analysis to show why this claim just isn't true. The misunderstanding stems from a problem with the original draft of the state bill. The debate in New Hampshire centers on Rep. Andrew Manuse's House bill prohibiting a state-run exchange.The original version included language that could have cost significant Medicaid dollars based on requirements that new information be able to interface with the state exchange whether federally or state-run.

Rep. Manuse quickly changed the language to make the bill simply a prohibition on the state setting up an exchange, whether by itself or through contract. That's a very sensible compromise.

Another big question mark has been the financing of a state-run exchange. While federal grants would cover the setup, no one is quite sure how much an exchange would cost the state to operate. The final rules haven't come out. However, we have some hints in that the Massachusetts version costs $29 million to operate.

New Hampshire's costs are likely to be in the neighborhood of $10 million annually.

Exchange supporters have taken to saying we pay either way. What they mean is that they believe that the federal government would likely tax participants (fees on insurance plans, brokers, insurers and businesses related to their policies) and that states, if forced to fund a program this expensive, would have to look at similar fees.

Although local exchange supporters believe the federal government can impose these taxes already, the federal government itself doesn't agree with them. In the President's budget proposal, he asked Congress for $860 million for the express purpose of funding federal exchanges. Mind you, the start-up money for state-established exchanges is elsewhere in the budget so the $860 million is just for the 20-30 states not creating a state bureaucracy.

So the administrative function of the federal health law isn't funded unless we fund it for them.

They haven't finished the rules, but they want us to create the administrative agency. They don't have the money or the authority to raise it, so they want us to assume the financial cost.

I think Rep. Manuse has things about exactly right.

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