Nelson: Nebraska can't afford to wait on health insurance exchange

By Martha Stoddard
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LINCOLN — Conservative groups applauded Gov. Dave Heineman on Wednesday while U.S. Sen. Ben Nelson (D-Neb.) chastised him for dragging his feet on creating a state health insurance exchange.

Brad Stevens, executive director of Americans for Prosperity-Nebraska, said the governor is right to delay implementation of the federal health care overhaul in the state.

“Nebraska state government is our last line of defense from the president’s disastrous health care law,” Stevens said.

But Nelson said the governor is engaging in obstruction and delay that serve to “protect the status quo and deny medical care to thousands of Nebraskans.”

Because the governor is not moving forward to create an exchange, Nelson said it is time for state lawmakers working with consumers and health care providers to step up.

“Nebraskans don’t want the federal government running their health care,” he said. “The Legislature can make sure that doesn’t happen.”

Heineman has said he intends to wait until after the election to decide about setting up a health insurance exchange.

He has also said he opposes the Medicaid expansion that is also part of the controversial federal law.

The governor, who has been a critic of the law, blamed the situation on Nelson.

“The entire problem and challenges Nebraska faces with Obamacare are because Sen. Nelson was the 60th vote (for the law),” Heineman said Wednesday.

The political back-and-forth took place a day before a Thursday meeting when Nebraska Department of Insurance officials are to brief state lawmakers about their work in planning and designing a potential state exchange.

Insurance exchanges are a centerpiece of the federal overhaul. They are to be one-stop shops where people can compare and buy health insurance policies, get subsidies to help pay for the mandated insurance coverage or enroll in Medicaid.

The law calls for exchanges to start operating on Jan. 1, 2014.

If states decide against creating exchanges, the federal government is to step in to run them.

Michael Tanner, a senior fellow with the Cato Institute, a libertarian think tank, argued during a Lincoln visit that states should leave the exchanges to the federal government.

"I think it would be a tremendous mistake for Nebraska to set up such an exchange on its own," he said.

Tanner spoke at a press conference organized by Americans for Prosperity, a tea party group, and the Platte Institute, a conservative Omaha-based think tank.

Tanner offered four reasons for not doing a state exchange.

First, he said, federal taxes would pay the cost of operating a federally administered exchange. If the state ran it, the cost would have to be covered by state taxpayers or policyholders.

However, Jennifer Carter with the Nebraska Appleseed Center for Law in the Public Interest, said operating costs of a federally administered exchange could be paid for in a variety of ways.

Either way, she said, the federal government would pay for the start-up costs of an exchange.

Second, Tanner said states will have less flexibility in designing exchanges than most lawmakers believe. He said federal officials must approve the exchanges, which gives them veto power.

Carter said the rules are clear that states have a great deal of flexibility.

Third, Tanner said that having a federally run exchange would free employers from penalties for not providing insurance.

He said employers become subject to the penalties when an employee uses the subsidy available under the new law. He said subsidies are only available through a state-run exchange.

But Carter said the federal government, including the Internal Revenue Service, interpret the law differently. She said the subsidies would still be available if the federal government ran the exchange.

Finally, Tanner said there are questions about whether the federal government is ready and able to operate exchanges, especially if several states opt out.

That would force the government to redo the reform.

“By refusing to set up an exchange, Nebraska can bring to a halt a large portion of the Affordable Care Act,” he said.

But Jay Anghoff, a regional official with the U.S. Department of Health and Human Services, said last week in Lincoln that the federal government will be ready to set up exchanges for states if need be.

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