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GOP lawmakers in tough spot on health care exchange idea

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St. Paul, Minn. — State Republican lawmakers are trying to determine the best stance towards a key part of President Barack Obama's health care overhaul -- the state-based insurance exchanges.

The exchanges are expected to launch in 2014 as online marketplaces where consumers will be able to comparison shop for health insurance. GOP legislators attended a forum Thursday to sort out the best policy alternative to an idea that has fueled disagreement among their ranks.

State Republicans are in a tough spot. On one hand, they don't want to do anything to show support for what they term "Obama-care." On the other hand, the concept of an insurance exchange is an idea they've embraced in the past. Gov. Tim Pawlenty proposed one for Minnesota long before Congress passed the federal health care law.

Couple all of this with a time crunch. If Minnesota can't show it can operate an exchange by early 2013, the federal government will create and operate one for Minnesotans — anathema to Republicans who fervently oppose federal intervention in local health care markets.

As a result, state Republican lawmakers are split on how to respond to the exchange requirement. The forum was to explore and discuss the best policy alternatives.

Michael Cannon of the libertarian Cato Institute told the caucus that they should "strike a blow against the law" by vigorously opposing an exchange in Minnesota — otherwise they're lending legitimacy to the law.

"You [would be] saying 'We're going to be part of this process, this law, even if we think it's harmful or even unconstitutional.' And you're going to be creating an agency that owes its existence and whose employees owe their power and paychecks to Obama-care," Cannon said.

Another speaker, Don Garlitz said there's another way: Minnesota should consider Utah's approach, where Garlitz said GOP-dominance is "extreme." Garlitz leads bswift [sic], a Chicago-based benefits administrator that runs the Utah Health Insurance Exchange. That exchange is one of two operating in the U.S. The other, in Massachusetts, provided a

model for the federal health care law and a target for conservative critics. The Utah exchange is much smaller in scope and available only to small businesses, not individual consumers.

Garlitz told lawmakers they can pursue an exchange in Minnesota without being complicit with Obama's Affordable Care Act (ACA).

"What would you do if there was no ACA? Pretend it's not there today. Would it make sense to do something like this? Maybe. Maybe not. That's your call," Garlitz said. "But if it does make sense, don't let the ACA stop you from doing what you would've otherwise done anyway."

As it stands, the Utah model would not qualify as an exchange under the federal health care law, in part because it's not open to individual consumers. Garlitz said it's unclear whether his state will change its exchange to comply with the federal health care law or simply keep operating the one it has and have the feds create their own in Utah.

In Minnesota, the stakes for Republicans are high. Under federal law, the state will have an exchange — either one of its own design or, failing that, one imposed by the Feds. As a result, GOP efforts to stymie what they consider a bad law could result in the federal government controlling Minnesota's exchange. At Thursday's meeting, a key critic of the health care overhaul said it's important for the GOP-controlled Legislature not to stand on the sidelines while the Dayton administration moves ahead with spending up to \$28 million in federal funding to design an exchange.

Sen. David Hann of Eden Prairie, chair of the Health And Human Services Committee said Republicans shouldn't be passive.

"It is incumbent on us as a Legislature to say, 'What is the reform that ordinary consumers, people that are in business, people in insurance — what is the reform that's going to meet those peoples' needs in Minnesota?' " Hann said.

St. Cloud Republican, Rep. Steve Gottwalt, who chairs the House Health And Human Services Reform Committee went so far as to say that Republicans need to come up with their own kind of exchange.

"An exchange as a model is innocent. Don't slam it because Obama-care adopted it," Gottwalt said.

"Is it possible that we could create an exchange that would enhance consumer choice and a private marketplace and not be a government-command and control avenue? I think that is possible."

Whether Republicans can agree on a strategy and what it might look like, will likely be the subject of many meetings and debates ahead.