

ST. LOUIS POST-DISPATCH

Federal government will start setting up Missouri's health exchange

By Elizabeth Crisp – November 12th, 2012

JEFFERSON CITY - The federal government likely will start setting up Missouri's health insurance exchange, but state leaders and health experts are leaving open the possibility of converting it to a state-based program down the road. •

Last Tuesday, Missouri voters overwhelmingly passed a ballot measure that bars Gov. Jay Nixon's administration from starting work on an insurance exchange and the state Legislature hasn't acted, so Missouri won't meet the federal government's Friday deadline for submitting proposals.

The health insurance exchange idea — one of the key provisions of the federal Affordable Care Act — is intended to offer consumers an online marketplace for buying private health insurance plans. Under the health care law, the federal government will create exchanges for states that don't create their own. The exchanges are slated to go live at the beginning of 2014, with enrollment periods beginning next October.

“Based on the constraints of current law and the quickly approaching federal deadline, the only option for Missouri at this time is to indicate that we will be unable to proceed with the state-based exchange, absent a change in circumstances,” Nixon told reporters at a recent news conference.

Nixon, a Democrat who has previously shied away from discussing his personal views of state-based vs. federal exchanges, said Thursday that he thinks a federally run exchange “is not the ideal approach” for Missouri.

“Regulating the insurance market is a power best left in the hands of the states, where we can perform those duties more efficiently and effectively and provide better services for

our consumers. But based on current state law and the federal deadline, a state-based option isn't on the table at this time," he said.

Health experts say the federal health care law gives states a chance to take over exchanges that the federal government creates for them.

Some Republican lawmakers have been quietly discussing proposals that could help Missouri run its own exchange.

State Rep. Jay Barnes, R-Jefferson City, said he's still working through some ideas to see whether they are feasible.

"I believe the Legislature should move forward with creating a state-based health insurance exchange," he said. "I'd rather have an exchange with rules set by people in Missouri than by unelected bureaucrats in Washington, D.C."

Barnes said he understands the temptation to ignore mandates of the health care law.

"I don't like it, either," he said.

But he and other Republicans who opposed the state-based option before last Tuesday's election say they want the power to stay in Missouri.

House Speaker Tim Jones, R-Eureka, appeared to back that sentiment during a meeting with reporters Wednesday.

"I'm not overly excited about the prospect of setting up an exchange under the current Obamacare bill, but I think we're going to have to talk to the stakeholders," he said. "I'm not interested in giving the federal government any more power or say in what we do here in the state of Missouri."

Senate President Pro Tem-designate Tom Dempsey, R-St. Charles, told reporters Thursday that the chamber's GOP majority will discuss the state's exchange options during its agenda-setting meeting this week.

According to the Kaiser Family Foundation, a nonprofit, nonpartisan health policy think tank, 16 states have indicated that they will create their own exchanges, and 16 others are

still studying their options. Three states, including Illinois, are planning for partnership exchanges.

Michael Hash, director of the U.S. Health and Human Services Office of Health Reform, said at a Bipartisan Policy Center forum this summer that HHS has been working with “a prime contractor” to set up the federal exchange infrastructure.

“We are obviously moving ahead on that front,” he said. “We’re on track with that to go live in the fall of 2013.”

Nixon has previously indicated that he expects the issue will be addressed when the Legislature returns in January.

Last month, Missouri Department of Insurance Director John Huff told the Post-Dispatch that the administration is committed to finding the “right fit for Missouri.”

“While we are aware that federal officials are seeking state feedback, we will continue to communicate with the General Assembly, consumer groups and the industry to ensure that we address this issue in the most effective way possible for the people of Missouri,” he said in a statement.

Joel Ario, managing director of Manatt Health Solutions and a former director of the Office of Insurance Exchanges at the U.S. Department of Health and Human Services, said states likely will face pressure to adopt the exchanges.

“The insurers in the states are pushing hard on the states to do it,” he said.

Ario said Missouri Republicans likely “see the writing on the wall.”

“I think at the end of the day, if Republicans in that state are given enough flexibility ... eventually they’re going to come around,” he said. “The pressure will continue to grow because there will be red states that are filing for state-based exchanges.”

Ario said because of the polarizing nature of the health care law here, Missouri may be a prime contender for some form of waiver from the federal government. Ario said President Barack Obama has embraced the waivers as a way to bring states on board with the mandate and promote innovation in the states, rather than a one-size-fits-all approach.

Jones said he plans to ask Nixon to request a waiver, but Nixon bristled at the suggestion.

“Seeking a waiver is saying I don’t want to follow the law,” he told reporters.

Missouri lawmakers initially embraced the idea of a state-based exchange. Supporters said at the time that they wanted the state to have a more active role, rather than giving the authority to the federal government.

The GOP-controlled House last year passed the “Show-Me Health Insurance Exchange” legislation with unanimous support, but the bill died in the Senate, where some lawmakers saw the effort as an endorsement of the federal health care law.

While efforts to start initial planning faced a deadlock here, Republicans in other states — including Arizona, Mississippi and New Mexico — have been quietly working to create the frameworks for their exchanges.

Health experts have predicted that the states would eventually embrace the idea of running their own exchanges.

“I think the motivation of preferring to run their own insurance markets, rather than letting the feds step in, will trump most of the other issues,” said Heather Howard, a Princeton University public affairs lecturer and director of the State Health Reform Assistance Network. “Even though there are states that have not been enthusiastic about the Affordable Care Act, they recognize that it’s the law of the land and it’s here to stay.”

But some groups continue to oppose the effort.

Americans for Prosperity, a Virginia-based conservative think tank, is encouraging governors to reject state-based exchange plans.

“Federal funds are flowing freely to buy state compliance, but state budgets will take the hit in two short years,” the group’s state policy manager, Nicole Kaeding, said Friday.

Kaeding said the exchanges might not drive down costs, as they are intended to do.

“Creating an exchange puts state taxpayers on the hook for millions of dollars every year. States should reject these bloated bureaucracies,” she said.

Michael Cannon, director of health policy studies for the libertarian Cato Institute, told Missouri lawmakers during a meeting last year that the state doesn't have the time or resources to complete the task of creating its own exchange.

"Whatever is plaguing America's health care sector, a lack of government bureaucracies is not it," he said. "There is simply no reason for Missouri to create any kind of exchange."

Virginia Young of the Post-Dispatch contributed to this report.