



States face Friday deadline on health care exchanges

By: Kelly Kennedy - February 14, 2013

WASHINGTON -- As states work to decide by Friday whether they plan to create their own or partner with the federal government to run health exchanges, there has been one last-minute surprise and one skin-of-the-teeth agreement.

New Hampshire, after a Republican-led state Legislature made it illegal to create its own exchange, announced this week it would partner with the federal government to run a health marketplace. Democratic Gov. Maggie Hassan's legal counsel told an oversight committee that the governor feared losing control of how the state's exchange would work.

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And Wednesday, Illinois Gov. Pat Quinn said his state was "conditionally approved" for a partnership with the federal government that had already been in the works.

"Access to decent health care is a fundamental right," Quinn said. "We are going to be working very hard between now and October 1st to educate the people of our state about the health care coverage options they will have through the marketplace, thanks to President Obama's leadership."

So far, the government has conditionally approved 20 states and the District of Columbia to set up their own exchange or partner with the government in an exchange. The exchanges, or marketplaces, are websites that will allow people to shop for policies and compare benefits and prices of all the insurance plans available in their states. The marketplaces need to be up and running by October so people may enroll in time for the plans to start in January.

Health and Human Services Secretary Kathleen Sebelius said Illinois would be ready in eight months for residents to enroll.

"My guess is we probably know what we're going to know about the state's decisions," said Chas Roades, chief research officer for The Advisory Board Company, which consults for health care

companies. "I think it's unlikely at this point that they'd raise their hands and say, 'We're going to participate.'"

Any state seeking to create its exchange has to do a lot of preliminary work, Roades said. Those who don't create their own exchanges will miss the chance to "advance some reforms" on the state level, he said. That includes cost-savings measure, such as coordinated care to avoid duplicated tests or promoting preventive programs to limit diabetes.

"Those states are missing out," Roades said. "But at the end of the day, I don't know that it matters for consumers whether it's a state exchange or a federal exchange."

All Americans will have access to an exchange, whether it's created by their state government or by Washington, said Dan Mendelson, CEO of the health advisory firm Avalere. Insurers, he said, will be able to participate in exchanges regardless of the government that creates them.

The big choice for states, Mendelson said, was whether to take federal money to create the exchanges authorized by the 2010 health care law or reject the exchanges on political grounds.

"There will be an exchange up and running in every state come January," Mendelson said. "But the states lose important control if they choose not to create exchanges."

The biggest loss could be lack of coordination as people move back and forth between state Medicaid programs and the federal exchange, rather than a state exchange.

Some organizations, such as the libertarian Cato Institute, have argued that the states will not truly have local control because there will be rules from the federal government about how to run the exchanges.