

Obama Administration Giving Millions to States to Build Their New Health Insurance Exchanges

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By Susan Jones, Senior Editor

(CNSNews.com) – The Health and Human Services Department on Thursday moved ahead with its plans to establish “the health insurance marketplace of the future.”

It announced “two key steps” in its effort to “partner with states” in setting up the new health insurance exchanges.

Step one makes a total of \$51 million in grants available for the states to set up “new, competitive, consumer-centered health insurance marketplaces.” States may apply for up to \$1 million apiece by Sept. 1.

Secondly, HHS is calling for public input on how the health exchanges will be structured and run when they begin operating in 2014.

The Affordable Care Act authorized grants to the states to help them design and establish the exchanges, which will cater to individuals and small businesses at first. The exchanges will serve as a clearinghouse, where the uninsured, self-employed, and small businesses may shop for various insurance plans.

Beginning in 2017, states may open their exchanges to large employers, as stipulated in section 1302 of the health care law. And if that happens, it could pave the way for “a far more extensive government intervention in the insurance market,” as the [Cato Institute](#) has noted.

Critics also question administration claims that the health exchanges will reduce premiums, as the government has promised.

‘Working hand in hand’ with states

“With most states struggling to keep their budgets in balance, these grants will give them the resources to conduct the research and planning needed to build the health insurance marketplace of the future,” said HHS Secretary Kathleen Sebelius in a news release on Thursday. “We are working hand-in-hand with states as we carefully implement the Exchanges to make sure they best meet people’s health insurance needs.”

HHS said the first round of grants will help states conduct research and planning.

Each state has the option of setting up its own health insurance exchange or partnering with another state or states to operate a regional exchange. "If a state decides not to create an exchange for its residents, HHS will help establish one on their behalf," the news release said.

HHS also is **requesting input** from states, consumer advocates, employers, insurers, and others as it develops the standards that the exchanges will be required to meet. Comments are due by October 4, 2010.

Florida judge nixes 'individual mandate' amendment

In an unrelated development on Thursday, a Florida judge removed from the November ballot an amendment challenging the health care law's individual mandate.

Amendment 9 would position the state to challenge the federal requirement for Americans to purchase health insurance, and it would prohibit the state from enacting a state-level, Massachusetts-style mandate if the current federal law is ruled unconstitutional.

Florida Attorney General Bill McCollum is expected to appeal to Florida's Supreme Court.

Amendment 9 was modeled after the American Legislative Exchange Council's **Freedom of Choice in Health Care Act**, which has been proposed in 42 states. The model legislation protects the rights of patients to pay directly for medical services, and it prohibits penalties levied on patients for declining participation in a particular health plan.

ALEC accused Florida Circuit Court Judge James Shelfer of putting politics above the right of the people to make their own healthcare decisions. "Floridians deserve the chance to vote on Amendment 9 and protect their individual rights against excessive government power," said Christie Herrera, director of ALEC's health task force.

ALEC says its Freedom of Choice in Health Care Act already has been enacted by the Virginia, Idaho, Arizona, Georgia, and Louisiana legislatures, and constitutional amendments will appear on the November ballot in Oklahoma, Arizona, and Florida. Citizens initiatives are under way in Colorado and Mississippi.