

THE HILL

OVERNIGHT HEALTH: Christie says no to NJ-based health exchange

By Sam Baker and Elise Viebeck – December 6th, 2012

Gov. Chris Christie (R-N.J.) vetoed a bill Thursday that would have started establishing a state health insurance exchange, meaning New Jersey will default to a federal one. The move, which grows the task facing the Department of Health and Human Services, came just before Christie met with President Obama at the White House to discuss recovery aid for Hurricane Sandy.

In a statement on his decision, Christie blamed the Obama administration for withholding information on the financial implications of creating a state-based exchange. He predicted the move would be "extraordinarily costly" in spite of massive federal grants to cover expenses.

"I will not ask New Jerseyans to commit today to a state-based exchange when the federal government cannot tell us what it will cost, how that cost compares to other options, and how much control they will give the states over this option that comes at the cost of our state's taxpayers," Christie said.

The decision will be welcomed by conservatives who blamed Christie for praising Obama in Sandy's aftermath, effectively boosting the president's image in the final days of his campaign against Mitt Romney. Read [**more**](#) about Christie's decision at Healthwatch.

CBO on subsidies: The Congressional Budget Office dealt a blow Thursday to the movement that's trying to derail insurance subsidies in the federally run fallback exchange. Critics of President Obama's healthcare law, led by Cato Institute scholar Michael Cannon, argue that the law only authorizes subsidies in state-created exchanges — not the federally run fallback.

The letter of the law says subsidies are for a "state exchange"; but Cannon and his allies also point to the Finance Committee's markup to argue that Congress only intended to provide subsidies in state exchanges. CBO poured some cold water on that theory Thursday, in a letter to Rep. Darrell Issa (R-Calif.).

"To the best of our recollection, the possibility that those subsidies would only be available in states that created their own exchanges did not arise during the discussions CBO staff had with a wide range of Congressional staff when the legislation was being considered," CBO said. "Nor was the issue raised during consideration of earlier versions of the legislation in 2009 and 2010, when CBO had anticipated, in its analyses, that the credits would be available in every state."

Rural hospitals: A powerful group of senators wants to extend a program for rural hospitals as part of an end-of-year bill on Medicare payments to doctors. Sens. Charles Schumer (D-N.Y.) and Chuck Grassley (R-Iowa) are spearheading a "Dear Colleague" letter asking the Senate Finance Committee to renew the Medicare Dependent Hospital and Low-Volume Hospital programs as part of a bill to avert scheduled cuts in doctors' Medicare payments.

"Rural hospitals deliver health care to more than 60 million Americans and are the health and economic backbone for communities across our nation," the letter states. "These small, hardworking hospitals are often the sole source of comprehensive health care in their area, and are typically the largest employer, and economic engine, in the communities they serve. Yet, rural hospitals face a wide array of financial difficulties and operational challenges under the current Medicare Prospective Payment System."

In addition to Schumer and Grassley, 29 senators have signed the letter.