

EXCHANGE UPDATE
2013: INITIATE AND INNOVATE

Since enactment of Idaho's own health insurance exchange in March, the Governor appointed the Idaho Exchange Board in April and an executive director was hired in May. Given the ill-fated and unrealistic federally imposed timelines and deadlines mandating the start of enrollment in October, the Idaho Exchange Board made the decision to temporarily utilize the federal exchange technology for 2014. Now Idaho is developing a completely state-operated web-based health insurance marketplace for 2015.

The fact is that Idaho is realizing many significant benefits from this decision and plan. The current arrangement in place with HHS for 2014 saves Idahoans money and gives Idaho the opportunity to build a unique web-based health insurance marketplace controlled by Idaho as the Governor and the Legislature envisioned.

It is important to recognize the key advantages Idaho is gaining by exercising its control over this exchange:

- ✓ **Local Control** – With a state exchange we can do it right and we can respond to Idaho's needs.
- ✓ **Proven Technology** – The one year postponement of full state exchange implementation provides Idaho the opportunity to select a proven contractor that will successfully build a web-based health insurance marketplace.
- ✓ **Lower Fees** – Governor Otter successfully negotiated with HHS for Idaho to utilize selected federal exchange systems at no cost for 2014.
- ✓ **Idaho Broker Participation** – Idaho's private insurance agents and brokers have extensive experience and training in health insurance and they will continue to play an active role in Idaho's health insurance market as required by Idaho's exchange law.
- ✓ **Consumer Protection** – Idaho wisely requires individuals who are so-called navigators/assisters to be fingerprinted and have background checks. It also limited assisters to several well-known respected Idaho associations and organizations.
- ✓ **Oversight and Control** – By exercising our states' rights, the people of Idaho through their elected Governor and State Legislators have direct control of our health care delivery system and have avoided capitulating to federal dominance.

**IDAHO HEALTH INSURANCE EXCHANGE
FURTHER INFORMATION**

- **Local Control:** With a state exchange we can do it right and we can respond to Idaho's needs. So while Idaho is temporarily using the federal exchange eligibility and enrollment features, Idaho's marketplace entity, called Your Health Idaho (YHI), has already demonstrated that a state operated entity can respond to the concerns of Idaho residents. For example, HHS initially decided against creating an anonymous shopping feature on the federal exchange. This meant people had to go through the process of creating an account and providing information to determine eligibility for tax credits before they could look at and compare health plans on the federal exchange. Idaho insurance agents and consumers complained to the Idaho Exchange Board and YHI about this process. YHI responded quickly by adding features to its website that allow Idahoans to calculate premium tax credits based on income and to compare exchange plan features and pricing without having to provide any identifying information. Consumers can use this information to decide whether they want to go through the actual application and enrollment process. In addition, YHI has set up an Idaho-based call center staffed with Idaho residents to assist consumers with questions and concerns. States that defaulted to the federal exchange must accept whatever exchange design HHS chooses and they have no voice in where call centers will be located or who will staff them.

- **Proven Technology:** The one year postponement of full state exchange implementation provides Idaho the opportunity to select a proven contractor that will successfully build a web-based health insurance marketplace. Currently, some state-based marketplaces are functioning properly and people are comparing and purchasing health plans through these marketplaces, while others are experiencing difficulties. The companies that built these marketplaces will be the same vendors bidding to build Idaho's marketplace, which means Idaho will have the opportunity to review their actual track records. In addition, Idaho will benefit from the investments in technology made by other states and can avoid mistakes made by the early innovators. Residents of states that defaulted to the federal exchange are stuck with the exchange features selected by HHS. If some of these states eventually do decide to build their own marketplace, they will have to do it using state funds because the federal grant programs will no longer be available. Beginning the process this year has meant Idaho will have the advantage of using proven technology, while still having access to federal funds to cover the costs of creating a health insurance marketplace that fits the needs of Idaho.

- **Lower Fees:** Governor Otter successfully negotiated with HHS for Idaho to utilize selected federal exchange systems at no cost for 2014.Gov. The residents of other states using the federal exchange (states that chose to do nothing and turn control over to HHS) will pay to the federal government a fee of 3.5% of the premium on policies sold through the exchange. The residents of those states have no voice in the amount of the fee, how it is paid, or where it goes. In contrast, the Idaho Exchange Board voted to impose a fee of only 1.5% for 2014 to begin building reserves for later years. Depending on the number of persons enrolling

through the exchange, this could potentially mean a substantial savings in premium cost for Idahoans in 2014.

- **Broker Participation:** Idaho's private insurance agents and brokers have extensive experience and training in health insurance and they will continue to play an active role in Idaho's health insurance market as required by Idaho's exchange law. The Idaho website even includes a search tool to help people locate a private agent in their area who can help them enroll in health coverage on or off the exchange. There is nothing comparable to this on the federal exchange.
- **Consumer Protection:** Idaho wisely requires individuals who are so-called navigators/assisters to be fingerprinted and have background checks. It also limited assisters to several well-known respected Idaho associations and organizations. The Exchange Board and YHI staff recognized early on the importance of protecting consumers from the possibility of dishonest assisters. YHI also set the parameters of the program. Idaho assisters are not paid to enroll people in coverage and are specifically prohibited from acting as insurance agents. Had Idaho defaulted to a federal exchange, the state would have to accept whoever HHS decided to permit to act as a navigator/assister in Idaho, and HHS would exclusively determine what roles they would play in the health plan enrollment process.
- **Legislative Oversight & Control:** By exercising our states' rights the people of Idaho, through their elected Governor and State Legislators, have direct control of our health care delivery system and have avoided capitulating to federal dominance. Some people are suggesting Idaho's health insurance exchange act should be repealed in 2014, but notably lacking is any clear explanation of why this would make sense for Idaho. Repeal would mean Idaho would lose the free use of the federal exchange for 2014. Instead of paying 1.5% to support the Idaho health insurance marketplace, Idaho families and small businesses buying health plans through the federal exchange would pay 3.5% of their premium dollars to the federal government in 2014, and they would continue to pay whatever rate the federal government chooses to impose in later years. It also would mean the Idaho Legislature, the Governor and the people of Idaho would have no further say in how the exchange is operated in Idaho. The current arrangement in place with HHS for 2014 saves Idahoans money and creates an opportunity to build a web-based health insurance marketplace accountable to Idaho.