

Panel's first meeting reveals many questions regarding insurance exchange

By Wayne Hoffman, executive director, Idaho Freedom Foundation

It's puzzling to see some elected officials and opinion writers falling all over themselves to have the state of Idaho implement Obamacare by creating a state health insurance exchange. This puzzle has come into greater focus in recent days, as new health insurance exchange questions yield vague answers, and those answers lead to new questions.

To illustrate, let's suppose you decide you want to open a restaurant, a pet store or an auto repair shop. What sorts of things might you need to know to open said business? You might want to know stuff like how much money it would cost to build or lease space, how much money you need to invest in equipment, how big your payroll will be and other operating costs. You'd also want to know in very specific details what government regulatory requirements you will be required to meet. And it's not just you who would need to know, but also your investors, who naturally want to know their risk and reward.

Few would dispute a word that I've written in the preceding paragraph. Yet, the Obama administration expects states to start creating health insurance exchanges with precious little information to go on, as was quickly discovered Thursday. Gov. Butch Otter appointed me, along with 11 other people, to dive into details and help him decide whether the state should create this new bureaucracy, leave it to the federal government to create an insurance exchange instead or work out some kind of a partnership with the feds.

At first, I will admit being a little ticked off that the governor appointed a panel to review the information. Why couldn't he simply follow the lead of governors in other states who have outright said no to a state-run insurance exchange and told the federal government to build it themselves?

But Otter may be on to something here; the first meeting of the working group exposed major information gaps.

- How much will the exchange cost to build? We don't know.
- How much will it cost to operate? We don't know.
- How many people will be required to operate it and where will these people be located? Don't know.
- If the state exchange mishandles the distribution of federal tax credits for insurance premiums, what penalties might the state incur? Don't know.

In short, there are tons of questions and unknowns about a new bureaucracy the state is being asked to create. And it is possible that many of the answers won't be known before Nov. 16, when the state is supposed to inform the federal government how Idaho would like to proceed.

And there are new pieces of information continually supplanting old.

For example, state insurance exchange proponents have been led to believe that under a federally-run state exchange, the federal government would determine the minimum benefits that can be offered in an insurance plan, thus causing plans offered through an exchange to be more expensive. Then a few days ago, a health care reform expert from the National Conference of State Legislatures said that's not the case at all; if a federal exchange is put in place, the minimum benefits will be based on whatever is offered by the largest small group insurance provider in Idaho.

During the hearing on Thursday, one panelist wondered how a number of governors would be so quickly willing to dismiss the idea of creating a state insurance exchange. I have the opposite question. With such massive amounts of basic information lacking, why are some newspaper writers and politicians so anxious to move ahead with this project?