

HB 609: MO Health Insurance Exchange – What's Under the Hood?

05/03/2011 – Evaluation by Missouri First, Inc.

I. Control Of Any Exchange Established Under Obamacare Will Ultimately Rest In Federal Hands

A. Threats of a federally run exchange ring hollow.

1. An exchange established under HB 609 is heavily dependent on federal edicts. “State control” seems to be a facade and it's hard to imagine that an exchange set up by the federal government could be much worse.
2. Even if a federally established exchange were worse, as long as it's voluntary as promised, Missourians could simply elect not to use it. If they go back on the promise that it's voluntarily, there's no reason to believe they wouldn't also some day nationalize the state established exchanges.

B. There are no negative consequences to waiting until next session to act on an exchange.

1. Even if Missouri is inclined to abide by the unconstitutional Obamacare, states have until Jan. 1, 2014 to set up an exchange. SEC. 1321(b) [42 U.S.C. 18041]. We have until Jan. 1, 2013 to demonstrate we have “taken the actions the Secretary determines necessary to implement” an exchange by Jan. 1, 2014. SEC. 1321(c) [42 U.S.C. 18041].

II. HB 609 Is More Mercantilistic Government Involvement In Healthcare

A. The Show-Me Health Insurance Exchange is a government entity, not private.

1. “There is hereby created the "Show-Me Health Insurance Exchange" as a quasi-public governmental agency under the 3 direction of a board of trustees.” § 376.1153
2. Four board members will be from state bureaucracies. § 376.1153.2(1)
3. Board members will be appointed by the Speaker of the House, President pro tem of the Senate, and Governor. §§ 376.1153.2(2), 376.1153.2(3), 376.1153.2(4).
4. Nine of the seventeen board members are appointed by the Governor. § 376.1153.2(4)

B. Although participation in the exchange is, for now, voluntary, **non-participants will be forced to subsidize the exchange**. The board *could* quash competition.

1. “The exchange shall charge assessments or user fees to health insurance issuers, whether or not they are participating in the exchange, for each policyholder of an individual health insurance policy issued in this state, for each employee covered under a small group policy issued in this state,” § 376.1175.3
2. These “assessments or user fees” will be **mercantilistic disincentive to competing insurance providers** which either are not allowed in the exchange or choose not to be part of the exchange. **Fewer choices for the consumer will likely result.**

III. Planed Show-Me Heath Insurance Exchange Kowtows to Obamacare

A. Eligibility dictated by Obamacare or other federal law.

1. "Beneficiaries of an eligible entity", individuals who are determined to be eligible for programs administered under Title XIX or Title XXI of the Social Security Act. § 376.1150.3(1)
2. "Catastrophic plan", a health plan meeting the requirements of Section 1302(e) of the federal act; Act. § 376.1150.3(3)
3. "Eligible entity", a person or agency meeting the requirements of Section 1311(f)(3)(B) of the federal act;” § 376.1150.3(7)
4. "Qualified health plan", a health plan that meets the criteria for certification described in Sections 1301 and 1311 of the federal act and section 376.1165;” Act. § 376.1150.3(14)

B. Everyday of the Exchange Operations Are Dictated by Obamacare

1. “Implement procedures for the certification, recertification, and decertification of health plans as

- qualified health plans and qualified dental plans, consistent with Sections 1301 and 1311 of the federal act, guidelines developed by the Secretary;” § 376.1155(4)
2. “Provide for enrollment periods under Section 1311(c)(6) of the federal act;” § 376.1155(6)
 3. “Assign a rating to each qualified health plan and qualified dental plan offered through the exchange in accordance with the criteria developed by the Secretary under Section 1311(c)(3) of the federal act, and determine each qualified health plan's or dental plan's level of coverage in accordance with regulations issued by the Secretary under Section 1302(d) of the federal act;” § 376.1155(8)
 4. “Use a standardized format for presenting health benefit options in the exchange, including the use of the uniform outline of coverage established under Section 2715 of the federal Public Health Services Act;” § 376.1155(9)
 5. “In accordance with Section 1413 of the federal act, inform individuals of eligibility requirements for the Medicaid program” § 376.1155(10)
 6. “Establish... A calculator to determine the actual cost of coverage after application of any premium tax credit under Section 36B of the Internal Revenue Code of 1986, as amended, and any cost-sharing reduction under Section 1402 of the federal act;” § 376.1155(11)
 7. “Subject to Section 1411 of the federal act, grant a certification” § 376.1155(13)
 8. “Transfer information under Section 1311(d)(4)(I) to the federal Secretary of the Treasury” § 376.1155(14)
 9. “Establish a navigator program... for the purpose of awarding grants to selected entities... as described in Section 85 1311(i) of the federal act.” § 376.1155(14)
 10. “Credit the amount of any free choice voucher to the monthly premium of the plan in which a qualified employee is enrolled in accordance with Section 10108 of the federal act” § 376.1155(19)
 11. “Keep an accurate accounting of all activities, receipts, and expenditures, and annually submit to the Secretary” § 376.1155(21)(a)
 12. “Fully cooperate with any investigation conducted by the Secretary” § 376.1155(21)(b)
 13. “Develop guidelines for qualified health plans and qualified dental plans to mitigate the occurrence of adverse selection within the exchange as allowable under the federal act” § 376.1155(22)
 14. “Rules promulgated under this subdivision shall not conflict with or prevent the application of rules promulgated by the Secretary under the federal act.” § 376.1185.1(2)

C. Participants in the exchange will be subject to Obamacare

1. “The exchange shall require each health insurance issuer... to meet the following requirements:
 - (a) Submitting justification for premium increases under Section 17 1311(e)(2) of the federal act;
 - (b) Providing public disclosure of information under Section 19 1311(e)(3)(A) of the federal act;
 - (c) Providing consumer education about the exchange under Section 1311(e)(3)(C) of the federal act;” § 376.1165.3
2. “The exchange shall allow a health insurance issuer to offer a plan that provides limited scope dental benefits meeting the requirements of Section 9832(c)(2)(A) of the Internal Revenue Code of 1986, as amended, through the exchange, either separately or in conjunction with a qualified health plan, if the plan provides pediatric dental benefits meeting the requirements of Section 1302(b)(1)(J) of the federal act.” § 376.1165.4

D. HB 609 uses federal funding – the thing the Heritage Foundation warns states to avoid.

1. “Federal funding for direct costs related to the development and operation of the exchange through 2014, the first year of operation, shall be provided under federal law.” § 376.1175.1
2. “The board shall annually submit a copy of the operating budget for the exchange to the speaker of the house of representatives and president pro tem of the senate for any year in which the exchange is allocated federal funds.” § 376.1175.2
3. “Federal funds received by the state to establish the exchange shall not be used for grants;” § 376.1155(17)