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MANAGING HEALTH REFORM

# IDAHO: ROUND 1

**State-Level Field Network Study  
of the Implementation of the  
Affordable Care Act**

**March 2014**

**Rockefeller Institute of Government  
State University of New York**

**Fels Institute of Government  
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# Contents

- Part 1 – Setting the State Context . . . . . 1
  - 1.1. Decisions to Date. . . . . 1
    - The Insurance Exchange . . . . . 1
    - Medicaid Expansion. . . . . 4
  - 1.2. Goal Alignment . . . . . 5
- Part 2 – Implementation Tasks. . . . . 5
  - 2.1. Exchange Priorities. . . . . 5
  - 2.2. Leadership – Who Governs? . . . . . 6
  - 2.3. Staffing. . . . . 7
  - 2.4. Outreach and Consumer Education. . . . . 8
  - 2.5. Navigational Assistance. . . . . 9
  - 2.6. Interagency and Intergovernmental Relations . . . . . 10
    - 2.6(a) Interagency Relations . . . . . 10
    - 2.6(b) Intergovernmental Relations. . . . . 10
  - 2.7. QHP Availability and Program Articulation . . . . . 10
    - 2.7(a) Qualified Health Plans . . . . . 10
    - 2.7(b) Cleringhouse or Active Purchaser Exchange. . . . . 11
    - 2.7(c) Program Articulation . . . . . 11
    - 2.7(d) States That Did Not Expand Medicaid . . . . . 11
    - 2.7(e) Changes in Insurance Markets. . . . . 11
  - 2.8. Data Systems and Reporting . . . . . 12
- Part 3 – Supplement on Small Business Exchanges . . . . . 12
  - 3.1. Organization of Small Business Exchanges . . . . . 12
- Part 4 – Summary Analysis . . . . . 12
  - 4.1 Policy Implications . . . . . 12
  - 4.2. Possible Management Changes and Their Policy Consequences . . . . . 13
- Endnotes . . . . . 14

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## MANAGING HEALTH REFORM

# IDAHO: ROUND 1

## State-Level Field Network Study of the Implementation of the Affordable Care Act

### Part 1 – Setting the State Context

#### 1.1. Decisions to Date

Idaho is by some accounts one of the most conservative states in the country,<sup>1</sup> yet it is the only state led by a Republican governor and a Republican legislature that chose to create a health insurance exchange as part of the Affordable Care Act's (ACA) implementation.<sup>2</sup> The state has decided not to expand Medicaid for the time being, though they may revisit this decision in the future. This section outlines the process by which Idaho chose to create an exchange, the early decisions made about how to run the exchange, and the status of the debate over Medicaid.

#### The Insurance Exchange

Leaders in Idaho reacted strongly and quickly in opposition to passage of the ACA. On March 17, 2010 – ten days before the ACA was enacted – Governor Butch Otter signed the Idaho Health Freedom Act. The law instructed the state's attorney general to sue the federal government if Congress passed the national health reform bill. Within minutes of President Obama's bill signing ceremony, Idaho was among the original states in a multistate lawsuit against the ACA. Still, the state applied for a \$1 million planning grant to begin preparations to create an insurance exchange. The grant was awarded to the Idaho Department of Insurance on September 30, 2010.

In 2011, the Idaho House approved nullification legislation that would have made the federal law void in the state. The Idaho attorney general's office — the same people who were suing over the ACA — warned that nullification legislation would cause legal problems and could jeopardize the state's participation in the Medicaid program.<sup>3</sup> The nullification bill died in the Senate State Affairs Committee, where Senate Majority Leader Bart Davis (R-Idaho Falls) explained that he opposes the law, but that "I can't find in that important document [the U.S. Constitution] that our state has the authority to nullify a federal law."<sup>4</sup>

A few months later, the legislature did pass a bill blocking state officials from implementing the ACA. Otter vetoed this bill, but issued a strong executive order accomplishing many of the same goals as the measure he vetoed. Executive Order 2011-03 prevents state agencies from establishing new ACA programs, developing rules to implement the ACA, accepting federal funds, or assisting federal agencies in implementing the law. One exception allowed the state's Department of Insurance and the Department of Health and Welfare to develop plans for a state-based insurance exchange. Otter explained that he agreed with the legislature that "now is not the time to implement Obamacare. However, it is equally unacceptable to forego exploring viable state solutions to our health care needs and allowing the national government to assert more control over Idahoans."<sup>5</sup>

No major ACA implementation bill passed the Idaho legislature during the 2012 session. Instead, leaders decided to wait for the Supreme Court to rule on the constitutionality of the law. Minutes after the Supreme Court's ruling upholding the ACA, Otter released a statement saying that "this is a sad day for self-determination and for individual liberty. Change is now in the hands of the American people and we must elect a new president and congressional candidates who will repeal Obamacare and protect our freedom to remain the architects of our own destiny."<sup>6</sup> Yet in the following months, the Otter administration applied for a \$20 million Level 1 Establishment Grant to prepare for creating an exchange in case President Obama was re-elected. This money was awarded in November 2012. Otter also convened a task force in fall 2012 to examine whether the state should create its own exchange.

In October 2012, the task force issued recommendation that Idaho create a state-based exchange in time to be operational by January 2014. Shortly after Obama won a second term on November 6th, the federal Department of Health and Human Services extended the deadline for states to decide whether to create an exchange. This gave undecided states enough time to put together an application. On December 11th, Otter announced that he supported creating a state-based exchange. He explained, "Our options have come down to this: Do nothing and be at the federal government's mercy in how that exchange is designed and run, or take a seat at the table and play the cards we've been dealt. I

cannot willingly surrender a role for Idaho in determining the impact on our own citizens and businesses.”<sup>7</sup>

One of the most important moments in the debate over the health insurance exchange had nothing specifically to do with health reform. In December 2012 organizational meetings leading up to the 2013 legislative session, three-term Speaker of the House Lawrence Denney was replaced by fellow Republican Scott Bedke. This was the first time in three decades that a sitting legislative leader in Idaho had been challenged and defeated by his own party. The two men did not differ significantly on most issues, but were seen as having very different leadership styles. Denney was seen as vindictive and closed; Bedke as collaborative and open. Denney had refused to allow debate on an insurance exchange bill, whereas incoming Speaker Bedke promised an open process.

Legislation to create a state-based exchange was signed into law on March 28, 2013, near the end of one of the most contentious legislative sessions in recent memory. A broad coalition of businesses, insurers, and consumers worked in support of an exchange. Opposition was led by a handful of business groups, the Tea Party, and the conservative Idaho Freedom Foundation. The legislature was divided into three factions:

1. All Democrats supported a state-based exchange (though one did vote no because of disagreements with some of the details);
2. Some Republicans refused to vote for any component of the ACA; and
3. Other Republicans opposed the ACA, but were in favor of state control of the exchange.

An important turning point came when sixteen Republicans, all freshmen in only their second month as legislators, announced they would support creating an exchange if the bill was amended to increase legislative oversight. A modified bill was introduced, and enough of these freshmen and other Republicans voted with Democrats to pass authorizing legislation.

By August 2013, the Exchange Board was in place under the direction of Executive Director Amy Dowd. Given the short amount of time before the beginning of open enrollment on October 1, the Board decided to rely on the federal exchange during the first year. Officially, this is designated as a federally supported exchange, as opposed to a state-federal partnership or a federally facilitated exchange (i.e., run by the federal government). In other words, this is not the same as saying the state defaulted to the federal exchange, though the distinction is minimal from the consumer’s point of view. With the exception of the information technology (IT) behind eligibility and enrollment, the state is making the major decisions affecting the exchange’s operation. A major difference highlighted by state leaders is that the federal exchange will have a 3.5 percent assessment fee, whereas the fee for Idahoans is anticipated to be as low as 1.5 percent.<sup>8</sup>



## Medicaid Expansion

The legislative session in Idaho only lasts from January to March. By the time the exchange bill was signed in late March 2013, legislators had little energy left to decide whether the state would expand Medicaid. House Democrats pushed for a bill to be considered, but even supporters said there was not enough time and that doing so would decrease the long-term prospects of passage. There is very little support for simply expanding the current program. Republican leaders say the only way the state would move forward is if they gain approval to redesign the program to include greater accountability for individuals. The Idaho Association of Commerce & Industry (IACAI) — the state's most influential business group — wrote a letter in November 2013 calling on Otter to reconvene a task force to study "Medicaid redesign."<sup>9</sup> If specific proposals are being discussed, few details are being released publicly at this point.

Otter has not said whether he will support expansion. Behind the scenes, state leaders are working to be prepared in case the legislature moves forward with expansion in 2014. A University of Idaho study estimated that expanding Medicaid could save the state budget \$600 million over ten years.<sup>10</sup>

It is interesting to note how the politics of Medicaid expansion differ from the politics of the exchange. Some Republicans who supported the exchange in order to protect state autonomy reject expansion because they see Medicaid as a flawed welfare program. Other Republicans rejected the exchange because they did not believe the state had any real flexibility, though they supported Medicaid expansion because of the money it would bring into the state. The only similarity is that the comparatively small Democratic caucus supports both the exchange and the Medicaid expansion.

The biggest political obstacle for the expansion of Medicaid is likely the political calendar. Every seat in the legislature is up for re-election in 2014 (as they are every two years) and the filing date for running is during the final weeks of the session in March. The Republican leadership expects such a big fight over the exchange that it is reluctant to support another major element of Obamacare. A bill to expand Medicaid was introduced in the 2014 session but did not make it out of committee. When asked about the large amount of money the state would be missing out on by not expanding Medicaid, Republican leaders respond in three ways:

1. It is inaccurate to say that Idahoans are saving money since it is their tax dollars either way;
2. Even only paying 10 percent of the expansion when the federal match is reduced is a lot of money for a program they do not like; and
3. It is better to take time to make the right decision than to rush into a bad decision.



As a result of these political dynamics, it appears that the earliest that Medicaid could be expanded in Idaho is 2015.

## 1.2. Goal Alignment

Idaho's response to implementing the ACA has, at various points, been positive, negative, and hesitant. Initially, the state reacted strongly against the ACA, passing the Idaho Health Freedom Act and joining the lawsuit against the law. At the same time, Otter vetoed nullification legislation in 2011 and left open the possibility that the state would pursue creating its own exchange. At that point, Idaho's leaders took a wait-and-see approach until after the Supreme Court's ruling and Obama's re-election. In December 2012, the governor announced his support for a state-based exchange. The debate in the legislature was contentious and divided the Republican caucus, but authorizing legislation ultimately did pass. The state is currently waiting until the next legislative session in January 2014 before deciding on Medicaid expansion, though insiders predict that the prospects are unlikely due to political opposition.

## Part 2 – Implementation Tasks

### 2.1. Exchange Priorities

The Idaho health insurance exchange operates as a quasigovernmental entity. It is run by an executive director and governing board, but with legislative oversight and involvement. Officials in the executive branch say they initially understood that if an exchange was to be created in Idaho, legislators wanted it to prioritize a free market and thus be removed as far from government as possible. The bill initially prepared by the Governor's Office was designed with this in mind. However, as legislation was being debated in the 2013 session, one of the major points of contention was that there was not sufficient legislative oversight. Even after the Senate had passed the original bill, a new bill was introduced in the House which would put legislators on the governing Board and required legislative confirmation of Board members and approval of fee increases. This is the bill that ultimately passed.

The law created a clearinghouse exchange in which all plans meeting basic federal standards would be allowed to participate. One of the priorities for choosing state control was to ensure a focus on lower rates and having as few mandates as possible. The enabling statute also prevents state money from being used in the operation of the exchange. In mid-2013, the exchange did spend \$385,000 of state money, but returned it to the state's Department of Health and Welfare in September 2013 after it had received the \$20.3 million Level 1 Establishment Grant from the federal government.<sup>11</sup>

As described in section 1.1, shortly after the Board was created it realized that it would not have time to develop the IT

infrastructure necessary to create the exchange. For a time, the hope was that Idaho could rely on the work done by other states and still get its exchange operational by the October 1st open enrollment period. Instead, officials decided that for the first year of operation they would rely on the Web site developed by the federal government.

This has resulted in some confusion over whether Idaho is actually in charge of its exchange. Critics argue that the state only has power over issues such as the exchange's name and the pictures on the Web site. Supporters say the state is autonomous in making important decisions about plan management and consumer assistance. Consumers are unsure what it all means. In some cases, the federal call center has referred people back to the state call center, saying they cannot help them because Idaho is running its own exchange. The Idaho call center explains to these people that, yes, Idaho is running its exchange, but they still need to go through the federal Web site to sign up. When these people then call the federal call center back, they are mistakenly told once again to go through the state exchange.

In the early weeks of open enrollment similar confusion occurred in browsing plans online. A link on the Idaho exchange Web site took users to the federal site, HealthCare.gov. When clicking on the link to "See marketplace plans and prices before filling out an application," the site asked for basic information, including the user's state. Once Idaho was selected, the page linked back to the original Idaho page where the user began.

## 2.2. Leadership – Who Governs?

Your Health Idaho is governed by a nineteen-member Board named by the governor and to be confirmed by the state Senate.<sup>12</sup> <sup>13</sup> Otter appointed Board members on April 10, 2013, two weeks after passage of the enabling legislation and after the legislature adjourned for the year on April 4th. The Idaho Constitution grants the governor authority to fill vacancies on boards when the Senate is not in session, meaning that Board members are making major decisions without having been confirmed. Although state-level confirmation of a governor's appointments is rarely controversial, this will present another opportunity for opponents to thwart the Exchange.

The Board is led by Stephen Weeg, the retired executive director of a community health center in Pocatello. Weeg is one of three members representing consumer interests. He has diverse experience in the public and private sector, having worked at Idaho State University's Institute for Rural Health, the State Hospital South in Blackfoot, and as a regional director at the Department of Health and Welfare.

The other two members of the Board representing consumers are Mark Estess, who is the Idaho director of AARP, and Karen Vauk, who is the CEO of the Idaho Food Bank. B. Hyatt Erstad and Tom Shores fill the two seats for agents and brokers. Three

seats on the Board are designated for representatives of the insurance industry. These are filled by Dave Self, senior vice president and regional director for Pacific Source; Scott Kreiling, president of Regence Blue Shield of Idaho; and Zelda Geyer-Sylvia, president and CEO of Blue Cross of Idaho. Kreiling is also a member of the boards of the Boise Metro Chamber of Commerce, the Idaho Association of Commerce and Industry, the Treasure Valley YMCA, and the Leukemia and Lymphoma Society.

Representing small businesses are Jeff Agenbroad, Kevin Settles, and Fernando Veloz. Businessman Frank Chan left the Board and has not been replaced as of late February. Two members of the Board represent health care providers. John Livingston is a doctor of internal medicine and general surgery who served fourteen years active duty in the Navy. Margaret Henbest is the executive director of the Idaho Alliance of Leaders in Nursing and served in the Idaho House of Representatives for twelve years.

Three legislators were appointed to the Board by legislative leadership and thus will not need Senate confirmation in 2014. These are Senator Jim Rice (R-Caldwell), House Minority Leader John Rusche (D-Lewiston), and Representative Kelley Packer (R-McCammon). Rice is a lawyer who maintains his own practice. Rusche is an M.D. who worked for many years in the insurance industry. Packer worked in public relations. Director of the Idaho Department of Insurance Bill Deal and Director of the Department of Health and Welfare Richard Armstrong are nonvoting ex-officio members of the Board.

The Board has five committees, with Estess acting as chair of the Outreach and Education Committee, Agenbroad as chair of the Finance Committee, Henbest as chair of the Small Business Health Options Committee, Livingston as chair of the Operations Committee, and Rice as chair of the Governance Committee.

The Exchange Board dealt with controversy in October 2013 when Chan was awarded a no-bid \$375,000 contract immediately after he resigned from the Board. He would have been paid \$180 per-hour to oversee a technology project related to the exchange. He negotiated the contract with the exchange's executive director, Amy Dowd, while still a member of the Board. Chan canceled the contract after criticism began mounting. An independent review determined that no laws were broken, though the Board of Directors responded by limiting the power of the executive director so that she must receive the Board's permission for all transactions over \$15,000.<sup>14,15</sup>

### 2.3. Staffing

The day-to-day operations of the exchange are run by Dowd. She was appointed executive director on April 23, 2013, less than a month after enabling legislation was signed by the governor. At the time Dowd was offered the position, she was a consultant with Ernst & Young in Portland, Oregon. She had been one of three consultants who worked with the state of Idaho and played

a primary role in the initial plans for an exchange. She worked for Blue Cross Blue Shield in New York and was an IT project manager and lead analyst for information systems and Web development projects for Idaho Power.<sup>16</sup>

Three other people run the exchange. Jody Olson is director of communications. She came to the exchange with a background in nonprofit marketing and consumer advocacy. Patrick Kelly is director of finance, responsible for oversight, strategic direction, and day-to-day implementation of the financial operation of the exchange. Alberto Gonzalez is the operations project manager, overseeing the consumer support center. He previously was a bureau chief at the Idaho Department of Health and Welfare.<sup>17</sup> Additional support staff includes a policy analyst and an administrative assistant. The Boise law firm Hawley Troxell is advising the exchange, reportedly billing at \$285 per hour.<sup>18</sup>

The fact that the exchange was established as a quasigovernmental entity, instead of within a government entity, means that its employees can earn much higher salaries than is typical in government. Dowd is making \$175,000 per year, nearly \$60,000 more than what the governor earns. Olson makes \$90,000, which is approximately \$30,000 more than her counterparts in state agencies. Conservative opponents have complained that the four top staff members make a combined salary of \$457,500.<sup>19</sup>

#### **2.4. Outreach and Consumer Education**

The exchange's outreach and education efforts have been somewhat complicated by the political dynamic in Idaho where federal programs are generally unpopular. As one agency official said, "Idaho is not really one of those states that appreciates spending money on outreach, but they do believe in educating consumers. We are doing outreach, even if we are calling it something else." For example, the Board of Directors' subcommittee addressing these issues changed its name from the "Marketing and Outreach" to the "Outreach and Education" committee.

After a competitive request for proposal process, Gallatin Public Affairs was awarded \$200,000 in July 2013. The subcontractors are Boise-based GS Strategy Group and Burson-Marsteller. The team was tasked with conducting statewide market research, developing the communication strategy, creating education materials, managing media relations, and developing the exchange's branding. The budget for newspaper, television, radio, TV, billboard, and Internet advertising in late October was \$3.5 million.<sup>20</sup>

The branding of the exchange was very important to its passage and now to its implementation. The name "Your Health Idaho" was announced on August 20, 2013, and is meant to imply individual and state autonomy. In the words of Dowd, the name and identity were "created with input from Idahoans and highlights our independent spirit." Similarly, Otter explained that "In Idaho, people have a fierce resolve to do things themselves. We want to prevent ceding any more control to the federal

government than is necessary.”<sup>21</sup> This framing is particularly important given the low-level of support in the state for Obama and Obamacare. Stakeholders interviewed observe that the name plays on the law’s unpopularity by suggesting that participating in the Idaho exchange is a way to resist the federal law.

## 2.5. Navigational Assistance

Another important component of the outreach effort is the use of consumer connectors. There are three categories of “consumer connectors” authorized to help Idahoans navigate the health insurance exchange: agents, brokers, and in-person assisters. Only a licensed agent or broker can make specific recommendations about particular insurance products. In-person assisters are described as “employees or volunteers from non-profit entities around the state that have been trained by Your Health Idaho to help you understand what options are available to you and your family, as well as explain premium assistance.”<sup>22</sup> Six organizations based in about 150 locations throughout the state are acting as in-person assisters. For example, a resident of Rigby in southeastern Idaho has the option of meeting with an in-person assister in fourteen locations within a forty-five minute drive.

Conservative supporters of retaining state control over the exchange are pleased that none of the money for navigators and assisters has gone to Planned Parenthood or unions. They are also happy that the state has been able to prioritize the role of agents and brokers. The Your Health Idaho Web site identifies eighty-four licensed agents and brokers within forty-five minutes of Rigby that a resident could speak with if they did not want to purchase a plan on their own through the federal Web site.

The state oversees the training of in-person assisters who must meet these requirements:<sup>23</sup>

- High school diploma;
- Twenty hour of training;
- Completion of tests with a score of eighty-five or better;
- Familiarity with the population to be served;
- Agree to a criminal background check;
- Lawfully authorized to work in the U.S.;
- At least eighteen years of age;
- Can demonstrate computer and Internet skills; and
- Annual recertification

The Idaho exchange operates a call center to assist consumers. The center is staffed by ten people and is housed in the offices of the Idaho Department of Health and Welfare. The center is open weekdays from 8 a.m. to 5 p.m. Gonzalez, the Operations project manager, describes the call center as “the first line of defense when it comes to explaining this very complicated, new marketplace that we are working in, explaining the plans, what the costs



are, and how to access premium assistance.”<sup>24</sup> The center received 420 calls when open enrollment began on October 1st.<sup>25</sup>

## **2.6. Interagency and Intergovernmental Relations**

### **2.6(a) Interagency Relations**

The Idaho Department of Insurance and the Department of Health and Welfare have been working closely together since the passage of the ACA in 2010. The Department of Insurance led the effort during the 2012 legislative session to create an exchange. After this was not successful, the governor’s office took the lead in 2013 with close collaboration by the Department of Insurance and the Department of Health and Welfare. Officials in the two agencies say they have a strong working relationship with regular collaboration.

### **2.6(b) Intergovernmental Relations**

Leaders in Idaho say they have a good relationship with the federal Center of Consumer Information and Insurance Oversight (CCIIO), particularly since Otter submitted a blueprint application in December 2012 to create an exchange. Leaders in Idaho’s executive branch describe CCIIO as being surprised by Otter’s decision and very excited to have a state led entirely by Republicans on board. As a result, Idaho’s leaders feel that federal officials are helpful and flexible. As one leader put it, “Doing a state exchange allowed us to have a seat at the table. Or really, it created the table.” According to someone close to the governor, leaders in other Republican-led states have noticed the good relationship that Otter has with federal officials and they have asked him to make requests on their behalf.

Idaho has also benefited from relationships with leaders in other states. As one of the last states to choose to run an Exchange, Idaho had little time to put everything in place. In addition to relying on federal IT infrastructure, executive branch officials described helpful collaborations with their counterparts across the country. In particular, they cite help from two states with exchanges (Colorado and Nevada) as well as from Mississippi.

## **2.7. QHP Availability and Program Articulation**

### **2.7(a) Qualified Health Plans (QHPs)**

Idahoans are able to choose from 161 plans offered by eight different insurance carriers. This includes seventy-six individual health plans, fifty-five small group health plans, thirteen individual dental plans, and seventeen small group dental plans. The monthly premium for a thirty-one-year-old individual ranges from \$164 to \$336 and from \$544 dollars to \$1,098 for a family of four with two parents age forty. Monthly premiums on pediatric dental plans range from \$24 to \$55.<sup>26</sup>

The eight insurance companies offering plans are:

- Altius Health Plans, Inc.
- BEST Life and Health Insurance Company
- Blue Cross of Idaho
- BridgeSpan Health Company
- Delta Dental of Idaho
- The Guardian Life Insurance Company of America
- PacificSource Health Plans
- SelectHealth, Inc.

The Idaho Department of Insurance announced it will use network adequacy standards similar to those used by CCIIO in governing federally facilitated exchanges.<sup>27</sup>

### **2.7(b) Clearinghouse or Active Purchaser Exchange**

Your Health Idaho is a clearinghouse exchange in which all plans meeting basic federal standards are allowed to participate. The state does not directly engage in negotiations regarding premium rates.

### **2.7(c) Program Articulation**

It is too early to tell exactly what the relationship will be between the exchange and other programs such as Medicaid and CHIP. The key players in the relevant state agencies are working closely together to streamline the programs as much as possible. Supporters of a state-based exchange in Idaho cite the ability to coordinate across programs as one of the primary advantages to retaining control.

### **2.7(d) States That Did Not Expand Medicaid**

The state has decided not to expand Medicaid for the time being, though they may revisit this decision in the future. In the meantime, nothing is being done to address the coverage gap for people too poor to qualify for subsidies on the exchange, but too well off to qualify for the state's pre-ACA Medicaid eligibility thresholds.

### **2.7(e) Changes in Insurance Markets**

It is difficult to predict what effect the exchange will have on the private insurance market. Many insurers expect that the same patterns of market share that previously existed in the individual and small group markets will persist on the exchange. Similarly, it is difficult to predict how small businesses will react. Opponents of the exchange expect that many businesses will reduce the number of full-time employees or decide to no longer offer coverage. Supporters respond that employers will still need to offer benefits in order to compete for the best workers. Some small business owners in Idaho have said they will not participate in the exchange in the first year so that the bugs and kinks can be worked out, but that they anticipate participating in subsequent years.



## **2.8. Data Systems and Reporting**

Idaho's Department of Health and Welfare is in the process of upgrading the state's IT system supporting Medicaid eligibility. It is too early to tell what effect these changes will have.

## **Part 3 – Supplement on Small Business Exchanges**

### **3.1. Organization of Small Business Exchanges**

The small business exchange is an integral part of Your Health Idaho since a major impetus for the exchange was the strong support of a broad coalition of businesses. The Board of Directors oversees the small business component of the exchange with a separate subcommittee. Multiple members of the Exchange Board are themselves small business owners. It does not appear that outreach and navigational assistance vary substantially between the individual and small business sides of the exchange.

## **Part 4 – Summary Analysis**

### **4.1 Policy Implications**

The debate over the health insurance exchange was the most contentious issue of Idaho's 2013 legislative session and will likely be a dominant issue in the 2014 Republican primaries. The Republican caucus was split almost exactly in half over the exchange. Republicans who voted for the exchange are being targeted in the primaries, with conservative groups such as the Idaho Freedom Foundation and the Tea Party likely to wage aggressive campaigns. This division over the exchange has important implications for five groups of people.

First, Otter is in a precarious position with the far right wing of his party, given that Idaho was the only state under full Republican control that elected to run its own exchange. The exchange will likely be one of the dominant issues in his race to win a third term as governor. Opponents testified during the legislative hearings on the exchange that Otter owned all aspects of the ACA and that the reform would come to be known in Idaho as OtterCare. Supporters point out that Otter vehemently opposed the ACA but was willing to do what is right for the state, regardless of the political consequences. Otter's electoral fate hinges, in part, on whether voters will appreciate the distinction between opposing the ACA and supporting state control of the exchange. The governor hopes that the exchange is operating smoothly by spring 2014 so that it can be pointed to as a success.

Second, legislative leaders such as House Speaker Scott Bedke and Representative Fred Wood, chair of the House Health and Welfare Committee, are being targeted by conservative groups for their important roles in creating an exchange. Had Lawrence Denney retained the speakership, an insurance exchange bill likely would have faced the same fate as in the 2012 session, when there was not even a hearing on it. Bedke's unprecedented success

at unseating Denney allowed him to appoint an ally, Wood, to the important Health and Welfare Committee. The Idaho Freedom Foundation has sponsored billboards in their districts chastising them for their roles in implementing a key component of Obamacare. They are among the legislative leaders who have much at stake in the exchange achieving its goals.

Similarly, the sixteen freshmen who supported the exchange took a great risk. Ultimately, fourteen of the sixteen voted for an amended version of the governor's bill even as they were being threatened by senior members of their own party. Each of these freshmen legislators is vulnerable as primary challengers in 2014 will focus on this issue. These races will play an important part in determining which wing of the Republican Party has the most power in the coming years in the Idaho Legislature.

Fourth, many stakeholders invested heavily in supporting state control of the exchange. Business organizations and insurers were particularly prominent and have the most invested in the success of the exchange. Providers and hospitals will also be affected, though they played a smaller role in the legislative fight, reasoning whether the exchange was run locally or in Washington, D.C., didn't really change much for them. However, now that the decision has been made for state control, it will be important for them that the exchange succeeds.

Finally, the ultimate success or failure of the exchange depends on how it affects consumers. There are still a lot of unanswered questions. Will people sign up? Will they be able to navigate the federal exchange? Will they find a plan that works for them? Will they successfully receive the federal subsidies to support their purchases?

#### **4.2. Possible Management Changes and Their Policy Consequences**

The exchange's Board of Directors has stated that its goal is to take full control of the eExchange by January 2015. Doing so requires successfully navigating two challenges. First, the team leading the exchange needs to be effective at making the many decisions facing them in the next year. Second, the exchange needs to survive attempts at repeal. A bill to repeal the exchange will almost surely be introduced in the 2014 legislative session. The result will likely be the same as the narrow vote in 2013; however, any missteps by the exchange leadership during the three-month legislative session could prompt enough Republicans to change their vote. The exchange already had its first major controversy in fall 2013, when the executive director awarded a large IT contract to a former member of the Board without taking other bids. The Board responded by limiting the powers of the executive director. The issue has died down somewhat, but could have been fatal had it occurred during the legislative session.

## Endnotes

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