

IDAHO REPUBLICANS DECIDE TO BUILD THEIR OWN EXCHANGE

by David K. Jones, University of Michigan

Idaho is one of the most conservative states in the union, with Republican leaders who firmly opposed ObamaCare; and it was one of the first states to join constitutional legal changes launched against the new law. So Idaho is the last place we might expect to deviate from the 2013 GOP game plan calling for across-the-board refusal to implement health reform. But Idaho Republicans have, in part, rewritten the playbook. Like most other GOP state leaderships, they have not agreed to accept the federally funded expansion of Medicaid. Yet Idaho Republicans have agreed to set up a new state-run health care exchange that will begin offering insurance plans and ObamaCare subsidies to state residents starting in 2014.

What Idaho Stands to Gain from Affordable Care

One-third of Idahoans now benefit from the Medicaid program administered jointly by the national and state governments, but many more could gain coverage if all parts of Affordable Care are put into effect. As of now, 18% of the 1.6 million residents of Idaho are without health insurance, including 25% of adults aged 18-64 and 11% of children under age 18.

- Approximately 190,000 Idahoans will be eligible to purchase insurance through a new exchange starting in 2014, and many will be eligible for full or partial federal subsidies to make premiums affordable.
- Low-income people who are supposed to be covered by expanded Medicaid will not be able to buy subsidized coverage on the exchange. They will remain uninsured unless the state accepts the expansion. Experts estimate that 126,000 currently uninsured adults, including 4000 uninsured military veterans, would be eligible for coverage if Idaho expanded Medicaid. An additional 18,000 people who are already eligible but not enrolled would also likely sign up.
- According to the best economic projections, full implementation of ObamaCare would bring \$365 million in first-year revenues to the state's economy, save \$38 million from the state's general fund, and add 6,000 jobs. Total savings for Idaho's general fund would grow to \$77 million in fiscal year 2015 and continue afterwards, even after the federal match decreases from 100% to 90%.

Conservative Idaho Decides to Create an Exchange

Idaho's very conservative Republican profile makes it one of the least likely states to accept any part of President Obama's signature health reform law. The state has been carried by every Republican presidential nominee since 1964, and Obama won only 36% of the vote in 2008 and 32% in 2012. Since 1981, both U.S. Senators have been Republicans, and with one brief exception, both of Idaho's U.S. Representatives have been Republican since 1995. Similarly, at the state level, Idaho has not had a Democratic governor in two decades and consistently elects

large Republican majorities in both chambers of the legislature. In the 2012 elections, Republicans won more than 80% of seats and were left with a 44-person margin in the Idaho House and 23-person margin in the Senate.

Idaho's Republican leaders delayed making final decisions on implementation of Affordable Care until after the Supreme Court declared the core of the law constitutional and President Obama secured re-election. Opponents tried multiple tactics to block implementation, including returning federal grants, forbidding state agencies to engage in planning activities, and pushing for state nullification of federal law. However, by the start of the 2013 legislative session – when it was clear that Affordable Care was going forward – many of the same leaders who had pushed for nullification switched to support a plan for Idaho to control its own exchange. Idaho became the last U.S. state to agree to build an exchange, and the only Republican state to take this path.

Three key factors help to explain Idaho's unusual change of course:

- **The Governor and a broad coalition.** Governor Butch Otter opposed ObamaCare, but ultimately supported state-level control of the exchange. Other than an earlier vote he had taken in the U.S. Congress against the Patriot Act, Otter described this as his toughest decision in public office. As he explained to constituents in a radio ad, Otter concluded that “The people of Idaho should run their own lives, free from federal interference... I want Idahoans to be in charge of our exchange – we can do it better and cheaper.” The Governor was backed by a broad coalition which included insurance companies and other businesses, hospitals, health care providers, and consumer advocates. These groups lobbied aggressively to defend the Governor's choice to build an exchange against attacks from the Tea Party and others.
- **Changes in legislative leadership.** Partly as a result of redistricting, the state legislature experienced dramatic turnover in 2012, with 44% of seats changing hands. The Republican caucus of the Idaho House of Representatives chose a new Speaker for the 2013 session. Though not specifically about health reform, this change in leadership had dramatic implications for ObamaCare implementation. The old leader had refused to allow an exchange bill even to be heard in committee, but the new Speaker not only allowed a hearing, but chose the bill's sponsor to chair the relevant committee.
- **The freshmen sixteen.** Even after passing the Senate and winning the support of the new House Speaker, the debate in the House over the exchange bill was highly contentious. The turning point came when 16 Republicans serving in only their second month as legislators, announced they would support creating an exchange if the bill was amended to increase legislative oversight. Two later defected, but the remaining 14 were enough when combined with Democrats and a handful of other Republicans to pass the bill authorizing the exchange.

To be ready for enrollments starting in October 2013, Idaho is using software developed by the federal government and other states, while launching a campaign to educate residents. Officials aim to have a simple yet functional exchange for year one, with further improvements to follow.

A Final Decision on Medicaid is Still to Come

By the time the exchange bill was signed in late March 2013, legislators had little energy left to decide whether the state would also go along with the expansion of Medicaid starting in 2014. Governor Otter has not said whether he will support the expansion, but leaders are working behind the scenes to be prepared in case the legislature eventually agrees to do it.