

Branstad to Pursue State-Federal Partnership Model that Will Protect State's Autonomy, Remains Focused

Written by Office of the Governor of Iowa
Monday, 17 December 2012 14:52

(DES MOINES) - Gov. Terry E. Branstad today submitted a letter to Health and Human Services Secretary Kathleen Sebelius to inform the Federal government that Iowa will avoid a costly state-based model and will instead pursue a state-federal partnership to retain autonomy over Iowa's healthcare system and minimize costs. The State will pursue a practical path that prevents Federal intrusion into the State's health insurance and Medicaid operations. The governor's decision comes in response to the December 14 deadline Sec. Sebelius gave states to make a decision. If Iowa did not submit its letter today, the State would have defaulted into a Federal exchange.

Gov. Branstad first stated his guiding principles on health care reform, saying, "Iowans deserve health care reform that improves care, lowers cost and most of all makes people healthier."

The letter is found [here](#) and the text is pasted below the release.

In the letter, Branstad outlined the reasons for his decision stating, "...I continue to have concerns that an intrusive Federal exchange would raise costs on individuals and businesses, making it harder for them to create jobs and raise family incomes in Iowa. The State of Iowa intends to minimize the Federal government's intrusion into the regulation of insurance. We will continue to regulate insurance plans in Iowa and retain control over our Medicaid and Children's Health Insurance Plan eligibility.

"If our State loses control of the costs of these programs, other funding priorities like education, public safety and workforce development may be threatened. Maintaining responsibility and operational control will also enable our efforts to modernize health care and to change our payment methods to reward quality and improve Iowans' health instead of procedure volume."

Branstad could choose one of three options: A state-built, state-funded exchange; a state-Federal partnership model; or a full Federal takeover of Iowa's health insurance system.

- A full State-built, State-financed exchange would cost \$16 million annually. Additionally, the Federal government has yet to put forth clear parameters on what would be expected of a

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state-built, state-financed exchange. For example, Utah already has a state exchange, but it is doubtful regulators will approve it under the Affordable Care Act. Even Massachusetts, whose system was modeled when crafting the Affordable Care Act, is unlikely to meet the requirements put forth by the Federal government without changes to its design. Gov. Branstad believes it would be irresponsible to put the state in this kind of financial and regulatory limbo.

- A State-Federal partnership will allow the Federal government to pay for initial exchange set-up costs and administer the cumbersome web portal, a federal call center and expensive web interfaces. However, the State would still be able to administer its own health care programs, oversee and regulate the insurance industry in Iowa, and put in place measures that will expand Iowans' ownership of their own health through the Healthiest State Initiative. Gov. Branstad assures Iowans that Iowa will not be forced or bullied into significant costs that sink our budget, and we will continue to maintain the high quality of health care access in Iowa that covers more than 90 percent of our residents.

- Gov. Branstad believes a full Federal takeover of our insurance, regulatory and health care systems doesn't meet our needs. A quick look at the dysfunction in Washington, DC, underscores concerns of opening the door to the Federal government. Gov. Branstad does not believe it is in Iowans' best interests to have the Federal government interfering in their lives from thousands of miles away.

"Iowa is well positioned to meet the standards outlined by HHS thus far and maintain control of our insurance regulation and Medicaid eligibility responsibilities as allowed under PPACA. Iowa will partner with the Federal government in these areas of a Federal exchange," Branstad concluded.

The text of the letter sent to Sec. Sebelius is as follows:

December 14, 2012

The Honorable Kathleen Sebelius

US Department of Health & Human Services (HHS)

Written by Office of the Governor of Iowa
Monday, 17 December 2012 14:52

200 Independence Avenue Southwest

Washington, DC 20201

Dear Secretary Sebelius,

Iowans deserve health care reform that improves care, lowers cost and most of all makes people healthier. These principles guide my actions on health care. Unfortunately, the Patient Protection and Affordable Care Act (PPACA) has not advanced these important principles, which align with the goal I announced last year for Iowa to become the healthiest state in the nation. Our initiative is being led by the private sector, has been endorsed by the public sector and is working to improve the health of our population person by person, community by community.

I have come to realize that a health benefits exchange will not improve the quality of health care, lower the cost of health care or make Iowans healthier. There also remain many questions about intended flexibilities for states and the final regulatory and policy framework in which a state financed exchange would operate. I am not convinced that my State would have the freedom and flexibility needed to design an exchange to meet the health care needs of our people. Additionally, the cost of building and maintaining a state-financed and based exchange, estimated at \$15.9 million annually, would not advance the health of Iowans and would not be a prudent option for my State. Therefore, Iowa will not finance, build and maintain a costly state-based health benefits exchange.

That said, I continue to have concerns that an intrusive Federal exchange would raise costs on individuals and businesses, making it harder for them to create jobs and raise family incomes in Iowa. The State of Iowa intends to minimize the Federal government's intrusion into the regulation of insurance. We will continue to regulate insurance plans in Iowa and retain control over our Medicaid and Children's Health Insurance Plan eligibility. Iowa control of these programs is critical to health care for Iowans, stability for job creators and the fiscal bottom line

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for our State. If our state loses control of the costs of these programs, other funding priorities like education, public safety and workforce development may be threatened. Maintaining responsibility and operational control will also enable our efforts to modernize health care and to change our payment methods to reward quality and improve Iowans' health instead of procedure volume.

Since the HHS has extended deadlines and continues to issue draft rules and provide further information and guidance to states, Iowa reserves our right to amend our intentions. We also have the clear expectation that our State's rights will be respected and our operational and regulatory control will not be superseded by the Federal government. Iowa is well positioned to meet the standards outlined by HHS thus far and maintain control of our insurance regulation and Medicaid eligibility responsibilities as allowed under PPACA. Iowa will partner with the Federal government in these areas of a Federal exchange. I hope that you will continue to work with States building all types of exchanges to provide the maximum amount of information needed to fulfill our responsibilities in improving the health of our citizens and implementing health benefits exchanges.

Sincerely,

Terry E. Branstad

Governor

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