

# Arkansas Insurance Department

Mike Beebe  
Governor



Jay Bradford  
Commissioner

## NEWS RELEASE

### FOR IMMEDIATE RELEASE

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### **State-run Health Insurance Exchange No Longer an Option**

LITTLE ROCK, ARKANSAS (December 2, 2011) — State Insurance Commissioner Jay Bradford has announced that planning efforts for an Arkansas-run Health Benefits Exchange have ended. He stated that legislative opposition to developing an Arkansas Exchange has quashed the state's efforts to meet federal requirements for implementation of its own exchange by the January 1, 2014, deadline. This opposition, coupled with a lack of state authority, means that Arkansans will be served by the Federal Health Benefits Exchange with enrollment beginning October 1, 2013.

Bradford explained that the Health Benefits Exchange Planning Steering Committee, a volunteer advisory group he appointed in April of this year to address policy recommendations for an Arkansas Exchange, recommended that it and six associated work groups addressing state Exchange planning disband following the acknowledgement that a state-based Exchange was no longer a viable option. "The Steering Committee and I believe insurance is local and local regulation is preferable," said Bradford. "This committee and the work groups have been a committed and wise group of individuals that are clearly driven by what is best for Arkansans," Bradford continued. "Although disappointed with this outcome, I have accepted the committee's recommendation."

The Arkansas Insurance Department, which received a \$1 million federal grant in September of 2010 to begin planning for the Exchange, will now direct its attention to complying with federal law and ways to continue protecting Arkansas consumers during the implementation

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of an exchange by the federal government. This federally run Exchange will determine low and moderate income Arkansans' eligibility for Medicaid or advanced tax credits and other cost reductions which will make premiums affordable for those enrolling in private insurance plans. The Exchange will also enroll consumers in a plan of their choice. The Exchange is designed to give individuals and small business owners the purchasing power of large businesses.

Bradford pointed out the implementation of a federal Exchange will not be without costs to Arkansas. Arkansas could lose tens of millions of dollars in premium taxes used for state general revenue funding. It has not yet been determined where those premium-tax dollars will go under a federal exchange. Additionally, the Arkansas Medicaid program must connect with the federal Exchange. Had the state elected to run its own Health Benefits Exchange, 100% of development costs would have been paid for by the federal government. A recently announced option for states not operating their own Exchange is a Federal Exchange Partnership where states can manage some of the core Exchange functions which have traditionally been under state control. Exchange planning consultants estimate the Exchange will decrease the percentage of uninsured Arkansans from 20% in 2013 to 10% in 2014.

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