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Calif. Health Plan Exchange Progresses As ACA Ruling Looms

By **Sindhu Sundar**

Law360, New York (April 06, 2012, 6:32 PM ET) -- California will proceed to set up a marketplace for its uninsured to seek health coverage at competitive rates despite the possibility of the U.S. Supreme Court striking down the Obama administration's health care reform law, the state's health benefit exchange confirmed Friday.

The exchange, which received a \$39 million establishment grant from the federal government in 2011, will open for public enrollment into health plans offered through its marketplace in October 2013, before coverage is due to begin in January 2014, the California Health Benefit Exchange confirmed.

"We have a lot of work to do, so our foot is on the pedal and we're moving full speed," David Panush, director of government relations for the exchange, told Law360 on Friday.

That initial grant went toward staffing and planning the exchange, according to the exchange, which indicated that it is applying for a second grant for funding through 2015 to help plan and implement IT systems for the exchange as well as its communications and outreach efforts. The exchange is expected to be self-sustaining after January 2015.

The state in 2010 was the first to pass legislation to set up the exchange, soon after the the Patient Protection and Affordable Care Act was passed, requiring states to establish an exchange for uninsured individuals and small businesses to compare and obtain competitive health insurance plans.

The exchange is currently evaluating proposals for its IT program, with tentative awards to be announced in April, while advertising giant Ogilvy & Mather secured a \$900,000 contract for planning efforts, the exchange confirmed.

The exchange did not comment on the possibility and potential impact of the U.S. Supreme Court's striking down all or a portion of the health care law, while the California Health and Human Services Agency could not immediately be reached for comment Friday.

The U.S. Supreme Court's oral argument hearings on the federal health care reform law concluded March 28 with at least four justices leaning toward arguments by opposing states that compelling states to expand Medicaid to poor, childless adults by threatening to take away all of the program's federal funding if they don't, is unconstitutional.

Challengers of the law also had argued that the particularly contentious individual mandate, which requires people to buy health insurance, is an unprecedented requirement to enter into commerce, stating that Congress can regulate only those already in the market.

The administration argued, meanwhile, that the health care market is different from other commercial markets, stating that almost everyone participates in the health care market at some point, and that the individual mandate ultimately governs only how they pay for it, which

the administration argued is constitutional.

--Additional reporting by Rachel Slajda. Editing by Richard McVay.

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