

Another Setback for Health Insurance Exchanges

Article By:

Healthcare Department Barnes Thornburg

Controversy erupted when the Centers for Medicare and Medicaid Services awarded a contract to Quality Software Services Inc. (QSSI) to construct an integral part of the federal health insurance exchange. Republican leaders [expressed concern](#) that UnitedHealth Group would receive preferential treatment in the federal exchange, as QSSI is a subsidiary. Wanting more details on the policies, if any, in place to avoid such a conflict of interest, Reps. Fred Upton (R-Mich.) and Cliff Sterns (R-Fla.) requested that the **Department of Health and Human Services (HHS)** provide all documentation relating to the work to be performed by QSSI and discussing UnitedHealth Group's acquisition of QSSI.

This is only one of the many recent setbacks for the HHS and the Obama Administration in their implementation of health insurance exchanges. After [earlier extending](#) the deadline for states to submit detailed applications required by federal officials to Dec. 14, 2012, the [Obama Administration announced](#) this week that states will be given an additional four more weeks to declare whether they intend to run their own health insurance exchange. This extension was announced amidst a flurry of governors declaring that they would not create an exchange, thus defaulting to the federal exchange.

State resistance is not the only potential hindrance to the success of health insurance exchanges. [A recent study](#) concluded that, due to uncertainty and the likelihood for pricing errors, developing premiums under the exchanges will be difficult. Much of this uncertainty stems from how accurately actuaries can predict what percentage of individuals will purchase insurance through the exchange, particularly relatively healthy young individuals who may opt to forgo insurance and pay the penalty mandated under the **Affordable Care Act (ACA)**. Additionally, the June 2012 Supreme Court ruling on the ACA allows states to determine whether to participate in Medicaid expansion. Medicaid expansion, or lack thereof, in turn, could significantly impact an individual's decision to purchase insurance through the state's exchange.

© 2025 BARNES & THORNBURG LLP

National Law Review, Volume II, Number 325

Source URL: <https://natlawreview.com/article/another-setback-health-insurance-exchanges>