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'Should Texas' Health Insurance Marketplace be state-run or federally-run?' is not the right question.

Stacey Pogue, senior policy analyst, Every Texan

A few bills have been filed in the 2023 Texas Legislative Session that would create Texas' own Affordable Care Act (ACA) Health Insurance Marketplace to replace HealthCare.Gov, the marketplace Texas has used for the last 10 years.

The Marketplace, also called an "Exchange," was created by the ACA to help consumers understand, compare, and enroll in comprehensive health insurance options made affordable through sliding-scale subsidies. Though states can choose to run their own marketplace, Texas, like most states, opts to use HealthCare.Gov.

The initial conversation about these bills seems focused on the question of which level of government — state or federal — should run this crucial function. This narrow focus is misplaced. The Texas Marketplace can thrive or wither, expand access to quality health insurance coverage, or erect barriers to coverage regardless of whether it is run at the state or federal level. The Marketplace is a means, not an end. The right question is: *what does Texas want to achieve with this change?*

Outcomes of the Texas Marketplace Today

We already know how the federally-administered Texas Marketplace at HealthCare.Gov performs. It is booming. It has [more insurers competing](#) to sell coverage than in any other state. It has record enrollment, covering [2.4 million Texans](#) with quality, affordable insurance. It has achieved the highest rate of enrollment growth among states for three years running.

The Marketplace is a key source of coverage for people with incomes above the poverty line who either aren't offered health coverage at work or cannot afford their employer's coverage. Given that only [25% of Texas small businesses](#) with fewer than 50 employees offer health insurance, it's no surprise that small business employees, small business owners, and self-employed individuals account for an estimated [half](#) of all Marketplace enrollment. Sliding-scale subsidies in the Marketplace make comprehensive coverage affordable even to Texans with lower incomes. Seventy percent of Texans with Marketplace coverage have incomes below two times the poverty level (roughly \$25,000/year for a family of 3).

The federally administered marketplace in Texas is not broken or in need of fixing. In fact, it is working so well that Texas must weigh whether a big disruption to the system — one that also involves some [financial risk](#) to the state — is worth it. Successfully launching a marketplace is easier said than done. HealthCare.Gov memorably failed at its 2014 launch, along with a few state marketplaces. New Mexico recently transitioned to a state marketplace, and its rollout was [plagued with major issues](#). Successfully running a marketplace takes an ongoing commitment to both coverage as a value and making public programs work. The Marketplace is not merely a website; it's an agency that runs a crucial public program that 2.4 million Texans rely on.

The Right Question

Instead of asking *whether* Texas should run the Marketplace, we need to ask what outcomes Texas aims to achieve by replacing the well-functioning federal Marketplace.

This is the central question: **Is the primary goal to keep what is working well for 2.4 million Texans and build on it, so Texas can further reduce our worst-in-the-nation uninsured rate by connecting more Texans to affordable, comprehensive coverage?**

If that isn't the primary goal, what is?

- To upend the current system in pursuit of other goals?
- To generate state revenue or pull down federal funds in the form of [pass-through funding](#)?
- To respond to vendors seeking lucrative state contracts to run the Marketplace's back-end software or other functions?
- Or something else?

The question and the conversation need to be about the *goal* of any change, explicit or implicit.

Build on What is Working and Do Better

The Marketplace will make countless policy and operational decisions that determine whether millions of eligible Texans can easily enroll in comprehensive and affordable coverage or not. How a state-run marketplace in Texas would perform will depend in large part on the direction and resources provided by the Legislature. The details — or the lack of them — spelled out in a bill really do matter.

If Texas' goal is to keep and build on what's working to connect even more Texans to affordable, comprehensive coverage, the bill language will articulate that goal in statute and produce these outcomes:

- Streamlined enrollment and reduced complexity for consumers,
- More Texans enrolled in comprehensive coverage that provides good protection against medical debt, not coverage that leaves people exposed when they get sick,
- Airtight affordability protections that ensure premiums don't exceed a set percentage of household income based on one's ability to pay,
- An integrated eligibility system between the state Marketplace and Texas Medicaid, so Texans don't get bounced between programs or fall through the cracks when they move between the Marketplace and Medicaid/CHIP,
- Robust access to local, in-person enrollment assistance from certified navigators and agents across the state, sufficient to meet the needs of hard-to-reach uninsured Texans who face language barriers, lack internet access, or face complex eligibility issues,
- Funding to ensure robust customer service functions, so the Marketplace won't suffer from the same state-imposed shortcomings as Texas Medicaid, chronicled during [interim hearings](#) – long call center hold times, paperwork backlogs that delay coverage, barriers to online account access, and understaffing in key positions, and
- Sufficient new authority and staff at the Texas Department of Insurance, so it can protect consumers and enforce ACA market reforms alongside of the state Marketplace.

A Smart Approach for Texas

The ACA gave states two primary tools to expand quality health coverage: 1) the Marketplace, with sliding-scale subsidies for ACA-compliant health plans, and 2) [Medicaid expansion](#) for adults with wages near or below the poverty line. There is a federal fallback for states that don't set up their own marketplace: HealthCare.Gov. There is no parallel federal fallback for Medicaid expansion; states must adopt it in order for adults below poverty to have quality, affordable coverage.

No matter what part of Texas we live in, what we look like, or how much money we have, every Texan deserves health coverage that helps our families access needed care to get and stay well without financial hardship.

Texas could meaningfully reduce our worst-in-the-nation uninsured rate by maximizing ACA coverage tools, but we shouldn't put the cart before the horse. Texas should expand Medicaid for low-wage adults before, or in conjunction with, any conversation about a state marketplace. Today, [18 states](#) run their marketplace, and three take a hybrid approach. **All of [these states](#) have already expanded Medicaid.** An uninsured single parent who works as a cashier and is stuck in the Medicaid coverage gap (with nearly 800,000 other Texans) won't benefit if Texas invests significant resources to move the Marketplace from the federal level to the state level. He will still lack access to affordable, comprehensive coverage, and Texas will still miss out on [\\$10 billion per year or more](#) in new federal funding to the state.

A state marketplace only makes sense as one part of a comprehensive approach to covering the uninsured -- with a focus on covering low-income Texans and Texans of color who disproportionately lack coverage. Are Texas leaders ready to do that? Now, that's a good question.

See Every Texan's [fact sheet on the Texas Marketplace](#) for more information.