

15 REASONS: Oppose Obama's Health Insurance Exchanges

1. **Exchanges are Federal Takeover Centers, not marketplaces.** The federal government controls the health plans and the benefits—and oversees patient care. Exchanges will also become *single-seller bureaucracies* where only government-approved health plans are sold and no real “market” exists. It is expected that all people in the future will be required to buy insurance from the Exchange. (see #5)
2. **States will lose.** State-run exchanges will hide the federal takeover; enable federal access to state-held data on citizens, patients and providers; and shift the *annual* \$10 million - \$100 million cost of operating the exchange to State taxpayers.
3. **State-run Exchanges are not required.** That would be commandeering of the state by the federal government. Obama's health care law acknowledges this fact by having a fallback plan for creation of a Federal Exchange—but no money to do it. They've asked for ~\$750 million, but Congress has thus far refused.
4. **All Exchanges are Federal Exchanges.** State-run Exchanges must follow the federal law and all federal rules. They are required to report annually to the U.S. Secretary of Health and Human Services (HHS) and are under control of HHS.
5. **State-run Exchanges are part of a National Exchange.** State exchanges are 50 state-named website portals of a national system. They are extensions of the federal government into each state through the “Federal Data Services Hub,” which will receive and share private data. Data entered online to buy insurance is sent for verification through the Federal Data Services Hub (“Hub”) to at least five federal agencies, and compared with myriad state databases and data systems made accessible to the Hub by state government.
6. **The Exchange is a national registration and enforcement tool.** The National Exchange (with 50 website portals) will register the insurance status of every citizen and allow the IRS to enforce the penalty-tax for refusing to buy health insurance. *The purpose is universal coverage — national health care.* Registration takes place through purchase of insurance or online registration of an exemption.
7. **The Exchange will create an unprecedented tracking system.** Whether they pay taxes to the Federal government or not, everyone must *annually register* with the IRS either on their own through the Exchange or through their employer. State governments are already considering how to “pre-populate” the exchange using other databases such as state taxpayers, voting registration, and vital statistics.
8. **The Exchange will enable Obamacare fines.** Employers face significant fines if even one of their employees buys health insurance on a state-based Exchange.
9. **The Exchanges will expand Medicaid and build middle-class dependency.** All persons and families up to 400% of federal poverty levels (FPL) will be enrolled into Medicaid (up to 138% FPL) or be able to receive a taxpayer-funded premium

subsidy to buy health insurance. In 2012, 400% FPL is \$44,680 for an individual and \$92,200 for a family of four.

10. **“Federally-facilitated exchanges” are a facade meant to deceive.** The FFE will have a state name (i.e. Iowa Exchange) but operations will be conducted by the federal government—leaving the public in the dark about the federal takeover.
11. **Redistribution of Wealth to Health Plans.** Fully 98% of the new spending under the federal health reform law goes directly to health plans approved by the government to offer health insurance on the Exchanges. Approximately \$1 trillion will be transferred from taxpayers to health plans through federal premium subsidies offered on the Exchanges and through the expansion of Medicaid through the Exchanges. (*Bloomberg.com* <http://bit.ly/NRxw7P> *and* <http://bit.ly/TCoVt9>)
12. **The “Clawback.”** Individuals signing up for insurance on an Exchange must estimate annual income for the coming year. If it’s between 100% and 400% of the federal poverty level (FPL), federal premium subsidies are available to help cover the cost. However, if the income is greater or family status has changed, the IRS can ask for all or part of the subsidy to be repaid. Thus, “If you received a subsidy based on a prediction that your income was 350% FPL and it later turns out your income is \$1 above 400% FPL—you have to pay 100% of the premium subsidy back,” according to *Inside Health Insurance Exchanges* (Aug 2011).
13. **Risk Scoring of Individuals.** Under the Obamacare Exchange “risk adjustment” regulation, states are required to analyze data and calculate individual risk scores on all persons: “*Individual risk score* means a relative measure of predicted health care costs for a particular enrollee that is the result of a risk adjustment model.”
14. **Gaming the System.** Health plans with the sickest enrollees receive more health care dollars. According to an expert cited in *LDI Health Economist*, “If an insurer is able to work [the risk adjustment system] in combination with subsidies, which are also complex, then that carrier may be able to enroll a lot of people who kind of ‘look’ sick and are subsidized and also get bonus risk-adjustment payment on top of that. An insurer may be able to make a killing by working both sides.”
15. **Sicker Patients on Paper.** “Risk adjustment” dollars will travel on state-based “risk corridors” from Exchange health plans with low risk enrollees to Exchange health plans with high risk enrollees. Experts quoted in *LDI Health Economist* report, “the entire country is going to get a lot sicker on paper” *and* “an insurer will have an incentive to give people the absolutely most thorough physical of their lives when they join because if there is even a trace of conditions like cancer or diabetes...the insurer may be able to get more risk adjustment money.”

Lawmakers can stop the federal takeover. State legislatures and governors must refuse to create or accept any Exchange and return Exchange funds to the federal government. Congress must not fund a Federal Exchange, must defund Exchanges and repeal the law.

Sign up for weekly health care news you won't hear anywhere else: bit.ly/cchfnews