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Exchange Partnerships Are Deceptive; States Must Refuse Implementation

States Will Pay the Bill for Health Insurance Exchanges While Federal Government Maintains All Control

Key Facts:

- States partnering with the federal government on healthcare exchanges lose control over their exchange while shouldering the cost of implementation and operation.
- Federal-state partnerships for health insurance exchanges allow the Department of Health and Human Services to deploy the exchange they want without the hassle of having to gain Congressional funding.
- States must continue to actively resist exchanges and remain completely passive if the federal government attempts to create an exchange on a state's behalf.

ST. PAUL, Minn. – With Friday's deadline for states to declare their intentions with regard to implementing an Obamacare health insurance exchange past, several states agreed to allow the U.S. Department of Health and Human Services to come into the state and "partner" with state officials in order to create a health insurance exchange. States like North Carolina, Arkansas, and Illinois will pursue such partnerships, seemingly unaware of the power they have handed to the federal government.

According to the [Citizens' Council for Health Freedom](http://www.cchfreedom.org), state-federal exchange partnerships are simply a deceptive way to quietly implement exchanges in every state, and are not a part of the ACA law. Under such partnerships, the federal government controls the exchange and its activity, while the state itself foots the bill, allowing HHS to bypass the Congress and gain funding for an initiative that currently remains unfunded at the federal level.

“These so-called state-federal partnerships are nothing more than a facade,” said Twila Brase, President of the Citizens’ Council for Health Freedom. “In addition to having states provide funding for these exchanges that has not yet been approved by Congress, pursuing a partnership authorizes insurance premium subsidies to be allocated to the state, threatening employers with penalties if employees receive subsidies on the exchange.”

The Cato Institute has, however, challenged the legality of offering premium subsidies for plans purchased through a partnership exchange. Currently, the ACA law does not allow for premium subsidies to be given through a federally run exchange. Despite the partnership aspect, HHS still controls and runs partnership exchanges, so it is possible that states pursuing them and expecting that citizens will have subsidies available will be sorely disappointed.

“At the core, state-federal partnership exchanges are stealthy and deceptive,” Brase concluded. “Pursuit of such exchanges is another way that the federal government is attempting to control healthcare without footing the bill. In the end, such exchanges cost states and employers millions in operating expenses and penalties, and still invade the privacy of public citizens by sharing their health data with multiple government agencies.”

CCHF urges states not to cooperate in establishing exchanges, and has mailed a letter to every governor in the United States requesting that they refuse exchange implementation or cooperation. To date, 19 states have heeded the call and have not agreed to implement an exchange, despite the November 16 deadline for states to declare their intentions regarding a state-based federal exchange. Congress can also stop exchange implementation by defunding exchanges.

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Twila Brase is president and co-founder of the **Citizens’ Council for Health Freedom**. She has been called one of the “100 Most Powerful People in Health Care” and one of “Minnesota’s 100 Most Influential Health Care Leaders.” The Council’s efforts have stopped government-issued treatment directives, added informed consent requirements for access to patient data and defeated a proposed Health Insurance Exchange. Brase’s daily radio commentary, **Health Freedom Minute**, is a 60-second radio address on pressing health care issues. She has been interviewed by CNN, Fox News, Minnesota Public Radio, NBC Nightly News, NBC’s Today Show, NPR, New York Public Radio, the Associated Press, Modern Healthcare, TIME, The Wall Street Journal, The Washington Post and The Washington Times, among others.