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Health Law “Exchange”: Less Market Competition, More Washington Control

The President's health care law requires every state to establish a health insurance exchange that meets specific federal mandates and standards. If a state decides not to build its own exchange, then Washington will step in to establish a federally run exchange in that state starting January 1, 2014. People whose employers do not offer government approved insurance will be forced to buy coverage through these exchanges.

While the Obama Administration has failed to release specific details explaining how each type of exchange would work, it is clear that they will dramatically increase government control and do nothing to reduce health care costs. Contrary to what the Administration claims, the exchanges will not give consumers the benefits of a competitive marketplace, they will only limit choice.

Obamacare Exchanges Are Not Competitive Marketplaces

One of the common sense health care reforms Republicans have offered to reduce the cost of health care is allowing Americans to buy health insurance across state lines. Recently, supporters of the President's health care law have [claimed](#) that the new federally regulated exchanges serve the same function. This claim is false, and the American people should not buy the sales pitch.

The exchanges are nothing more than new government bureaucracies that stifle competition, limit consumer choice, and force states to comply with top-down Washington mandates. Exchanges certify what kinds of plans may be offered, as well as review and exclude health plans that do not meet a strict set of government rules and qualifications.

Buying insurance across state lines could bring competition and market forces to bear in lowering health care costs and give people the freedom to buy a low-cost health insurance product that fits their needs. In contrast, the exchanges in the President's health care law distort the market-driven exchange concept and serve a purely bureaucratic function. They were never designed or intended to be a free-enterprise marketplace. As a result, they lack one of the great strengths of a free marketplace – lower prices that result from competition. The White House and

Democrats in Congress will use the exchanges to dictate to the American people what kind of health insurance they must buy – whether they can afford it or not.

The health care law does not give people the freedom to shop for competitive insurance products and choose the policy that meets their needs. Rather than expanding health insurance choice, variety, quality, innovation, and competition, the health care law's exchanges would impose vast new regulations, administer a new taxpayer-funded subsidy program, restrict consumer choice, and constrain insurer competition.

You Must Buy Washington Approved Insurance

The President's health care law requires all Americans to buy health insurance. If someone does not buy health insurance, the IRS will come knocking on his or her door. The tax man will charge anywhere from \$695 to 2.5 percent of a person's income each year that person fails to buy health insurance. Not only will the IRS track Americans who do not purchase health insurance, the tax man will come after those who do not buy the kind of health insurance the President and Democrats in Congress say they should have.

Americans in the exchanges will be forced to buy one of four types of health insurance plans: bronze, silver, gold, or platinum. These plans will need to cover a long list of federally mandated health benefits, some of which an individual consumer may not need or want. For example, an empty nester couple would not be allowed to purchase less expensive health coverage without maternity and newborn care.

Every year, the Secretary of Health and Human Services can redefine, update, and alter the its list of "essential" health benefits that people must buy, meaning it is likely to get longer and longer.

What's more, when people try to buy insurance through the exchange, the government will evaluate their financial situation. If they qualify for Medicaid, they will be forced into Medicaid, whether they like it or not.

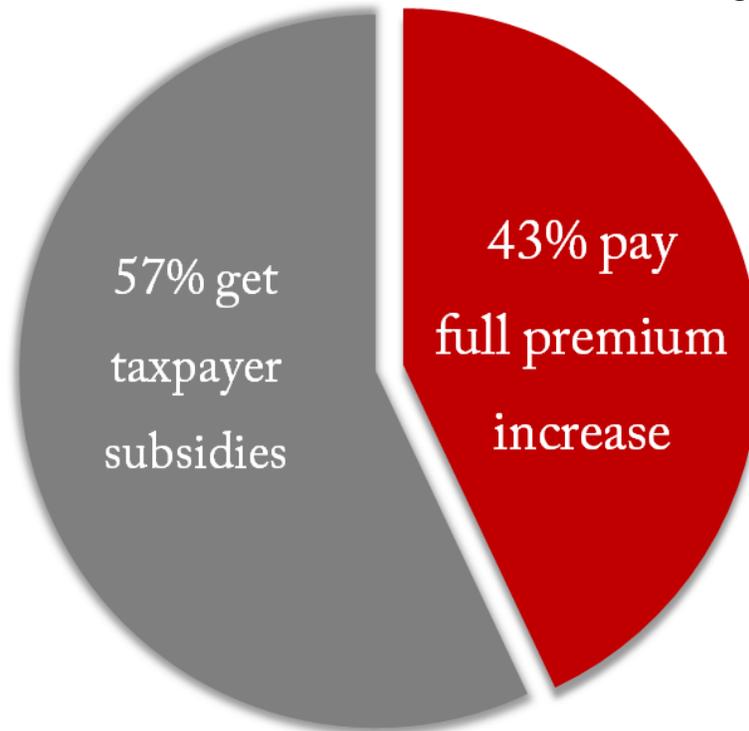
Washington Dictated Benefits Do Not Control Costs

The health care law's exchange and insurance benefit structure imposes on every single American a rigid framework that is bureaucrat-centered instead of patient-centered. Forcing a one-size-fits-all benefit standard on Americans drives insurance costs [up](#). The exchange plans, like all insurance having to cover the President's long list of mandated benefits, will be more [expensive](#) than many insurance products sold today — especially for people who have no need for many of the required services. As the list of mandates gets longer, costs will rise even higher.

The Congressional Budget Office (CBO) [estimates](#) that the health care law will increase health insurance premiums in the nongroup market by 10 to 13 percent. The nongroup market includes people who buy health coverage on their own, which would comprise most of the people in the government run exchanges.

CBO also [estimates](#) that only 57 percent of people buying insurance in the exchange will receive a taxpayer subsidy to purchase government approved insurance. Subsidizing high-cost health insurance, however, does not make it cheaper. Forty-three percent of people getting health insurance in the exchange are *not* going to get any subsidy.

Individual Premiums to Increase 10 – 13% in Exchange



Source: [CBO](#)

The goal of health care reform should have been to lower costs for hard working Americans. Instead, health care costs are going to continue to go up. The nonpartisan actuaries at the Centers for Medicare and Medicaid Services [project](#) that health care costs will grow by \$478 billion over the next decade due to the President's health care law.

The exchanges are just one more example why Congress must repeal President Obama's unworkable, unpopular, and unaffordable health care law