



PlatteChat

AN ONGOING CONVERSATION ABOUT HOW TO BEST PRESERVE FREE ENTERPRISE,
PERSONAL RESPONSIBILITY AND LIMITED GOVERNMENT IN NEBRASKA.



Trending: States rejecting state-based health insurance exchanges citing high costs and lack of meaningful local control.

The Platte Institute was pleased to see Nebraska join other states including Florida, Louisiana, Texas, Virginia, Missouri, Indiana, Maine, South Carolina, Kansas and Wisconsin in declining to create a state-based health insurance exchange. State-based insurance exchanges are too costly for taxpayers and lack meaningful local oversight.

The Platte Institute for Economic Research has been steadfast in presenting information about why and how Nebraska lawmakers can oppose implementation of the Patient Protection and Affordable Care Act (PPACA), more commonly known as Obamacare.

In April of 2011 the Platte Institute brought in Michael Tanner, CATO Institute Senior Fellow, to present "[Bad Medicine: A Guide to the Real Costs and Consequences of the New Health Care Law.](#)" This study points out the pitfalls of state-based health care exchanges, including lack of local control. A December 7, 2011 Platte Chat encouraged Nebraska to oppose a state exchange due to the cost to Nebraska taxpayers and federal control of the program, "[Say No to Health Care Exchange.](#)" In February of 2012 Platte Institute brought in Michael Cannon from the CATO Institute to testify against a state exchange at the Unicameral Banking, Commerce and Insurance Committee hearing. And in March and July of 2011 Platte Institute again sounded the alarm that "[Health Care Exchanges Don't Work.](#)" and offered suggestions on how to proceed, "[The Next Step on Health Care.](#)"

Most recently, Platte Institute partnered with the CATO Institute and Americans for Prosperity-Nebraska to have [Michael Tanner come to Nebraska again](#) and present reasons for states to resist the implementation of Obamacare. In addition to the cost to local taxpayers and the lack of any local control, Tanner detailed additional reasons to resist setting up a state-based insurance exchange:

- If states decline to create an exchange and default to the federal exchange, there is doubt that the federal government has the funds to do so. Congress has not even appropriated any funding for this purpose.
- One PPACA provision makes insurance subsidies available *only* through

state exchanges. The federal government cannot offer subsidies.

- PPACA requires employers with 50+ workers to provide health insurance or pay a tax, but only if at least one employee qualifies for subsidies under the exchange. So if subsidies can be provided only through state-authorized exchanges, states could theoretically block the employer mandate by refusing local exchanges. This loophole could be addressed legislatively, but would be open to legal challenge.

Fiscal analysis of budget impacts for Nebraska done by the Department of Insurance and the Department of Health and Human Services calculate the cost of a state insurance exchange for Fiscal Years 2013-2020 at \$646 million; while the cost of a federal insurance exchange is \$176 million. The cost of a state exchange to Nebraska tax