

## STATE EXCHANGES ARE “DUMMY TERMINALS” FOR OBAMACARE

Fact sheet by Sharron Angle

1. The Patient Protection and Affordable Care Act (PPACA, ACA or “Obamacare”) requires every State Exchange to conform to federal requirements, including pending and current federal PPACA regulations. It must also be hooked electronically into the Federal Data Services Hub, essentially the central server to the national Exchange’s nationwide superstructure. Thus, a “State Exchange” is actually an imposed Federal Exchange:

a. This is confirmed by Nevada law NRS 695i, the law establishing the Silver State Health Insurance Exchange:

**Definitions: “Federal Act” means** the federal Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the federal Health Care and Education Reconciliation Act of 2010, Public Law 111-152, and any amendments to, or regulations or guidance issued pursuant to, those acts. (NRS 695I.050)

**Creation; purpose:** The Silver State Health Insurance Exchange is hereby established to: 1. Facilitate the purchase and sale of qualified health plans in the individual market in Nevada;... (NRS 695I.200)

**Powers and Duties of Exchange.** Make only qualified health plans available... Unless the Federal Act is repealed or is held to be unconstitutional or otherwise invalid or unlawful, perform all duties that are required of the Exchange to implement the requirements of the Federal Act. (NRS 695I.210 (d) and (e))

**Powers and duties of Board; audits.** Submit all reports required by federal law to the appropriate federal agency and in a timely manner; NRS 695I.080 “qualified health plan” has the meaning ascribed to it in § 1301 of the Federal Act. If the Federal Act is repealed or is held unconstitutional or otherwise invalid or unlawful, define by regulation “qualified health plan” for the purposes of this act.” (NRS 695I.370 (e) and (f))

b. This has been confirmed by the Governor and Legislators quoting the law as “facilitating” the Federal law (PPACA) through the Silver State Exchange.

c. NPRI has exposed the state “disguise” in two articles: “Nevada’s alleged control over state’s Obamacare insurance exchange an illusion” (<http://nevadajournal.com/2012/07/18/nevadas-alleged-control-over-states-obamacare-insurance-exchange-illusion/>) and “Nevada’s Obamacare website synchs with a ‘high security risk’ for users.”

d. State exchanges are merely portals or “dummy terminals” into the national exchange system, according to Twila Brase, president of Citizens’ Council for Health Freedom. This is why the issues being experienced by Nevadans are the same as those problems experienced nationally. When a Nevadan enters data into the Silver State Exchange, their information is sent to the Federal Data Hub which then gathers yet more data on individuals by “pinging” various Nevada state agency databases and seven federal agency databases. All this data is then stored in a federal database, a new “system of records” called the “Health Insurance Exchange Program.”

e. The only control that Nevada has over Obamacare is to make the requirements harsher. Therefore, when Obama called on Insurance companies to reissue canceled policies, Governor Sandoval could have made the same request but chose not to -- a harsher requirement. When the Federal Government extended the enrollment deadline, Governor Sandoval chose not to – a harsher requirement. There is an appearance of a smoother running exchange than the Federal exchange but that is a front door facade. After entering the portal

– dummy terminal -- enrollees find themselves mired in the Obamacare quicksand, unsure that they are insured even after enrolling and paying the premium.

**2. Exchanges must be “self-sustaining beginning on January 1, 2015.** This means all federal funding for operating State Exchanges disappears the last day of 2014. State exchanges are allowed to withhold part of the enrollees premiums to cover the cost of operating the Exchange. Because health plans must charge the same price for the same plan in and outside the Exchange, this requires health plans to raise premiums to pay for the withhold. Exchanges are also allowed to charge assessments or user fees to cover the cost if the enrollment is not great enough, or to otherwise generate funding, to support its operations.” (PPACA, §1311(d)(5))

Operating costs are significant. The cost of the Exchange in Massachusetts in 2009 was \$26 million for vendors and \$3.4 million for employee compensation. Oregon expects annual operating expenses of around \$36 million. Federal “reinsurance” payments to health plans to stabilize insurance premiums as people with pre-existing conditions receive coverage end in 2016. To be self-sustaining, Nevada’s exchange needs more than 110,000 premium-paying enrollees. To date, enrollment is only about 3% of the required level. Unless enrollment goes up exponentially -- and we have little reason to expect that -- Nevadans will be asked by Governor Sandoval to sustain another state tax increase to pay for operating the Obamacare Exchange portal as well as potential federal tax increases to cover the cost of Healthcare.gov, the federal website portal.

**3. State-run exchanges 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.** Although Nevada’s exchange has a state name (Nevada Silver State Exchange), operations are controlled by the federal government—leaving the public in the dark about the federal takeover.

Wisconsin Governor Scott Walker, in refusing to establish a state exchange said, State exchanges are “SINO, State in name only.” Texas has also refused to build an exchange. In a letter, Texas Governor Rick Perry told the Obama administration, “It is clear there is no such thing as a state exchanges. Instead this is a federally mandated exchange with rules dictated by Washington...the notion of a state exchange is merely an illusion.”

**Conclusion:** Obamacare is a federal takeover of the entire health care system using the Exchange apparatus to reach into every state. This is socialized medicine. Nevada needs to look at the track record of socialized medicine, the cost of government-run health care, the loss of access to individualized and timely medical care. Nevada legislators need to listen to the citizens who are overwhelmingly against government takeover of healthcare in the states and the nation.

PERRY’S LETTER: <http://www.cchfreedom.org/files/files/Texas%20Perry%20Letter%20to%20HHS%202012.pdf>