



States, like Florida, are considering an important question: whether or not to create a health care exchange in compliance of the president's health care law. Health care exchanges are being sold as a simple, innovative tool to inform consumers' insurance purchases. As created, these exchanges are far from simple or innovative; throwing thousands of pages of regulations upon states and insurance markets. As Pennsylvania decides whether to implement this provision, it is important to separate myths from reality.

MYTH ONE: If Florida doesn't create an exchange, the federal government will.

REALITY: The choice between a state-based exchange and a federal exchange is a false choice.

The Obama administration keeps talking about the "flexibility" a state has to create an exchange, but the thousands of pages of regulations tell a very different story. Florida, and all other states, must first receive approval from the Department of Health and Human Services to create the exchange with the Secretary having sole discretion to determine compliance. Then, any subsequent change must also be approved. All meaningful control is retained by Washington bureaucrats not Floridians.

MYTH TWO: Health care exchanges are good for businesses in the state of Florida

REALITY: A state-based exchange creates a new \$3,000 per employee tax on businesses

In a rush to pass the bill lawmakers made a huge error writing the bill that will raise taxes on businesses in your state if you set up an Exchange. If a business does not provide "affordable" coverage to an employee, the employee can then purchase insurance through an Exchange and becomes eligible for federal tax subsidies. The employer is then subject to a \$3,000 fine for each employee that's eligible for the subsidy. However, because lawmakers didn't even read the bill before they passed it, only individuals purchasing from a state-created Exchange are eligible for a tax credit; federal Exchanges are not eligible. Therefore, setting up a state-based Exchange will subject businesses in your state to higher taxes.

MYTH THREE: Consumers benefit from the lower cost insurance available via an Exchange

REALITY: Insurance premiums will actually rise as a result of the president's health care reforms

Burdened by mandates, restrictions and the problems of community rating and guaranteed issue, the Exchanges will fail to provide accessible and affordable health care insurance. In fact, a recent study commissioned by the state of Wisconsin found that individual market premiums will increase by an average 30% under the new law's provisions. A similar study in Ohio found premiums would increase 55 to 85%.

It's clear: Florida should not implement Obama's health care exchanges.