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# Why States Should Keep Rejecting Obamacare Exchanges

June 4, 2012 Nic Horton

The Cato Institute has released an excellent new web video that outlines three reasons why states should refuse to implement Obamacare insurance exchanges.  Fending off the implementation of these bureaucratic monstrosities in Arkansas has long been an interest of **The Arkansas Project**and the **Advance Arkansas Institute**.

Blogger **David Kinkade** has long ranted against the exchanges, as a quick trip to the archives will reveal.  AAI has also published several policy papers on the topic, cautioning state lawmakers about the perils of moving too quickly.  Unfortunately, as I reported last month, it looks like Arkansas will be moving forward with the exchanges, thanks to some slick political maneuvering and despite all of these warnings.  However, this information is still relevant as we collectively brace ourselves for Obamacare's looming fiscal nightmare.

Three reasons why states should refuse to set up exchanges:

***1. Attracting jobs.*** Along with the exchanges come a whole new set of lovely taxes for employers, which could amount to as much as $3,000 per employee.  However, businesses in the states that refuse to set up the exchanges will not face these hikes, making these states more appealing to employers.  (There was a lot of talk at a forum I attended last week regarding how we can 'turn Arkansas into a jobs magnet.'  Perhaps this is one such way.)

***2. Lowering the national debt.*** The exchanges, which are essentially very expensive websites, allow the federal government to dole out billions of taxpayer subsidies to private insurance companies.  Without the exchanges, there is no mechanism nor purpose for the dollars to be distributed.  Furthermore, if a state refuses to create an exchange, the federal government will pay for it themselves.  However, the federal government has admitted that they do not have the money to set up the exchanges, so there may not be any exchanges at all.

***3. Upholding the Constitution.*** The Obama administration has said that if states refuse to implement exchanges, they will try to do so themselves.  This would be a massive unconstitutional overreach of federal authority and every business in a given state, and the state government itself, would have the right to challenge the constitutionality of these actions in court–but *only* if the state does not set up an exchange.

And ultimately, as **Michael Cannon** of Cato points out, if the Supreme Court strikes down the law, the states that refused to implement the exchanges will look impressive–but if the Court upholds the law, they will be in a position to help kill the law by refusing to comply.