



Politico: Opponents Are Winning the Debate over ObamaCare 'Exchanges'

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Politico has a great [story](#) about how free-market groups are defeating [ObamaCare Exchanges](#) at the state level:

Conservatives like John Graham of the Pacific Research Institute have also been touring states with the platform provided by the American Legislative Exchange Council to help kill off state-based exchanges, a key piece of health reform that will help millions of people purchase insurance coverage — often with federal subsidies — starting in 2014.

"Our approach has to be absolute noncollaboration, civil disobedience — well, not civil disobedience but resistance ... by whatever means," said Graham.

Two years into the law's implementation, conservative emissaries have contributed to impressive stats. Almost all red states are holding off on exchange legislation at least until the Supreme Court decides on the Affordable Care Act, and in most of those states, exchange-building legislation has crawled to a stop.

I have to point out three problems with the story, though. First, the Cato Institute and I are libertarian, not conservative.

Second, the article identifies Cato, ALEC, and AFP as being "funded partly by the Koch brothers." Even though these groups have no direct or indirect financial interest in this issue, and even though Cato currently receives no funding from the Kochs, and even though Cato is currently fighting a hostile takeover attempt by the Kochs, I guess that's a fair categorization.

What isn't fair is how the article fails to disclose that Leavitt Partners has a *direct* financial interest in this issue: Leavitt is getting paid by states to help implement Exchanges. (See "[Health Exchanges: A New Gold Mine](#)," *Politico*, June 27, 2011.) It would have been nice if the article mentioned that all the moneyed interests — including health insurance carriers and many Chambers of Commerce — are on the pro-Exchange side. But it at least should have mentioned Leavitt's financial interest.

Third, I'm not sure what basis there is for saying "most legal experts think" the federal government can offer tax credits and subsidies in federal Exchanges. [My co-author Jonathan Adler and I](#) have been following that debate closely. Only a handful of scholars have even commented on the issue, and they are fairly evenly split. If I'm unaware of others who have weighed in, I'd like to hear about them.