The Examiner
examiner.com

Democrats had to pass Obamacare to ignore what's in it

By: Timothy P. Carney – June 20, 2013

The Affordable Care Act provides subsidies for health insurance sold through state-established insurance exchanges. The law also empowers the federal government to establish exchanges in states where the state government doesn't set one up — but in those cases, the subsidies for insurance are unavailable under the law.

Now Obamacare defenders say that Blue Cross should get its subsidies even in states with federal exchanges because, well, it would make sense if they did.

The IRS holds this view, but that ruling faces a legal challenge. Peter Suderman explains the lay of the land. Here's his short explanation of what the bill actually does:

> The legal text in question is not fuzzy or inscrutable. As Cato Institute Health Policy Director Michael Cannon and Case Western Law Professor Jonathan Adler noted in a recent paper, it clearly states that subsidies are available to individuals who purchase insurance "through an Exchange established by the State under Section 1311 of the Patient Protection and Affordable Care Act." In case there was any lingering confusion, the law elsewhere defines "State" as any of the 50 states or the District of Columbia. It also refers to exchanges created under section 1311 of the law, which governs state-created exchanges. Nowhere does it mention that subsidies are available to insurance purchased through section 1321 — the segment of the law that provides for the creation of exchanges by the federal government.