



Gov. Rick Perry Refuses to Set Up State Insurance Exchange in Texas

By Mark Whittington – 11/16/12

The Dallas Morning News is reporting that Texas Gov. Rick Perry has officially informed Secretary of Health and Human Services Kathleen Sebelius that Texas will decline to set up a state-sponsored health insurance exchange under Obamacare.

Perry a champion of states' rights

According to the Dallas Morning News, Perry informed Sebelius that setting up a state-sponsored exchange would constitute acquiescence to federal intrusion, opposing rules and regulations on the states. He also suggested since the cost of setting up and running the exchanges have not be calculated, agreeing to do so would place Texas taxpayers on the hook for an unknown amount of money and would therefore be fiscally irresponsible. Perry also refused to expand Medicaid under the Obamacare law, for similar reasons

Texas would now be under a federal sponsored health insurance exchange

According to a page on health insurance exchanges at the Kaiser Family Foundations, under the Obamacare law, states would be allowed the opportunity to set up health insurance exchanges that would allow, in theory at least, individuals and small businesses to buy health care insurance at competitive prices. However if a state, like Texas, declines to set up such an exchange, the federal government will step in and set up the exchange for it.

Reasons for states to decline to set up health care exchanges

Byron York, writing for the Washington Examiner, suggests that there are other reasons for states to reject health insurance exchanges. States would have little if any control over these exchanges, thanks to federal rules, and would thus have not incentive to set them up and thus bear the cost of running them. There is also

widespread suspicion that these exchanges are going to be a bureaucratic mess. If the states were to set them up, they would take the blame. Otherwise, the onus is on the Obama administration.

Bringing down Obamacare in the states

There may also be a hidden strategy in Perry's rejection of state exchanges. Writing in the National Review, Michael Cannon of the Cato Institute suggests that if enough states reject both the exchanges and the expansion of Medicare, Obamacare would become unsustainable. Thus, Congress would be forced to reopen the question of health care reform under far better circumstances (to opponents of Obamacare) than existed in 2009-10 when Democrats had absolute control of both houses of Congress. The exchanges, by the way, are scheduled to be set up by October 2014, a month before the midterm elections.

Extension granted by Sebelius

Nov. 16 was supposed to be the deadline for states to decide whether they will set up the exchanges or leave it for the federal government. According to Hot Air, Sebelius has extended the deadline to Dec. 14, apparently in an attempt to allow more time to persuade more states to set up the exchanges.

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