

# ARKANSAS TIMES

## The real reason Ark. Republicans oppose state-run exchange?

By: David Ramsey - December 14<sup>th</sup>, 2012

---

Today's the big day for states to decide whether they want to run their own health-insurance exchange or have the federal government do it. Arkansas opted earlier this week for a partnership.

It looks like states will split pretty evenly across the country, with around 20 running their own exchanges, around 20 ceding control to the feds, and the rest opting for a partnership. There's been a fair amount of fuss over this decision but it probably won't impact consumers much one way or the other.

We've noted that it's a bit curious that Republican lawmakers, usually strongly in favor of more state control, have led the charge against state-run exchanges.

In the runup to the deadline for the exchange decision, a few conservatives, like Douglas Holtz-Eakin — Director of the Congressional Budget Office under George W. Bush — started to make the ideologically coherent argument that, however much they hate Obamacare, states are better off with more control. Most movement conservatives strongly rejected these ideas.

Why? Conservatives are devoted to a give-no-quarter approach to Obamacare. Michael Cannon, the Cato Institute's health-care point man, wrote recently in the National Review that accepting the law amounted to "Vichyism."

And, they think, it's not just lost causism. In addition to hoping that it will disrupt the smooth implementation of the law, Cannon wants states to say no to the exchange because he believes that a constitutional challenge can be raised against subsidies provided on the federal exchanges (the law doesn't explicitly mention subsidies via a federal exchange because lawmakers anticipated that states would run the exchanges).

The argument is pretty flimsy, but flimsy arguments have given proponents of the Affordable Care Act reason to sweat before.

The state of Oklahoma has already filed a lawsuit in federal court along these lines and the Wall Street Journal has also floated the idea. Here's a good summary of Cannon's Hail Mary play.

Keep all this in mind as you watch the debate here in Arkansas. The obsessions of the national conservative movement are filtering down to local lawmakers. Sen. Cecile Bledsoe has been a go-to voice among Republican lawmakers on these issues. Guess who she's getting her cliff notes (and erroneous information) from? See below from an Arkansas News Bureau story last month on opposition to a state-run exchange.

Republican legislators also said creating a state-run exchange would make Arkansas businesses subject to penalties for not providing affordable insurance to employees — penalties they may not be subject to under a federal exchange.

“By having a federal exchange you supposedly can avoid some of the harsher impacts,” Lamoureux said.

“In the federal exchange, I don't think there is that penalty,” said Sen. Cecile Bledsoe, R-Rogers.

[Arkansas Health Exchange director Cynthia] Crone said the same penalties apply whether the exchange is run by the state, the federal government or a partnership between the two.

“I really don't know what they're talking about,” she said.

Lamoureux said his assertion was based on things he had been told by other members of the Legislature, including Bledsoe.

Bledsoe cited as a source an article by Michael Cannon, director of health policy studies for the Cato Institute, a libertarian think tank.