

The Atlanta Journal- Constitution

Two views: Should Georgia establish health exchange?

November 15, 2012

Moderated by Tom Sabulis

Georgia should not establish a state health exchange under the auspices of Obamacare, argues a writer with a libertarian think tank. After all, the state will have no real control over the exchange. It would cost too much and would also mean higher taxes. But a local health policy expert says it's a great deal for citizens who can take advantage of new federal tax credits to purchase private health insurance and will see billions pumped into the state economy.

Commenting is open below Tim Sweeney's column.

By Michael F. Cannon

President Barack Obama has won re-election, and his administration has asked Georgia officials to decide by today whether the state will create one of ObamaCare's health insurance "exchanges." Georgia also has to decide whether to implement the law's massive expansion of Medicaid. The correct answer to both questions remains a resounding no.

State-created exchanges mean higher taxes, fewer jobs, and less protection of religious freedom. States are better off defaulting to a federal exchange. The Medicaid expansion is likewise too costly and risky a proposition. Since the election, many state officials have stood by pledges to implement neither provision. Gov. Bob McDonnell (R-Va.), chairman of the Republican Governors Association and who was on the fence prior to the election, has announced Virginia will implement neither.

There are many arguments against creating an exchange.

- State officials are under no obligation to create one.

- Operating an ObamaCare exchange would be illegal in the 14 states that have enacted either statutes or constitutional amendments (or both) forbidding state employees to participate in an essential exchange function: implementing ObamaCare's individual and employer mandates. Georgia is one of those states.

- State officials would have to find an estimated \$10 million to \$100 million per year to run it, raising the prospect of tax increases.

- Today's deadline is no more real than the "deadlines" for implementing REAL ID, which have been pushed back repeatedly since 2008. Georgia can always create an exchange later if officials choose.

- A state-created exchange is not a state-controlled exchange. All exchanges will be controlled by Washington.

- Congress authorized no funds for federal "fallback" exchanges. So Washington may not be able to impose an exchange on Georgia after all.

- The Obama administration has yet to provide crucial information that Georgia officials need before they can make an informed decision.

- Creating an exchange sets Georgia officials up to take the blame when ObamaCare increases insurance premiums and denies care to the sick.

- Creating an exchange would be assisting in the creation of a "public option" — a federally chartered health plan that thus enjoys special perks and could drive Georgia's insurance carriers out of business through unfair competition.

- Defaulting to a federal exchange exempts Georgia employers from the employer mandate (a tax of \$2,000 per worker per year), and exempts 625,000 Georgia residents from the individual mandate (a tax of \$2,085 per family of four). Avoiding those taxes will improve Georgia's prospects for job creation. It will also protect the conscience rights of Georgia employers and residents from the Obama administration's contraceptives mandate.

- Finally, rejecting an exchange will reduce the federal deficit. ObamaCare only offers its deficit-financed subsidies to private health insurance companies through state-created exchanges. If all states declined to create one, federal deficits would fall by roughly \$700 billion over 10 years.

The Supreme Court gave states the option of not implementing ObamaCare's Medicaid expansion. Georgia should refuse to implement that new entitlement for similar reasons.

Medicaid is rife with waste and fraud. It increases the cost of private health care and insurance, crowds out private health insurance and long-term care insurance, and discourages enrollees from climbing the economic ladder. There is scant reliable evidence that Medicaid improves health outcomes, and no evidence that it is a cost-effective way of doing so.

Michael F. Cannon is director of health policy studies at the Cato Institute, a libertarian think tank.

Health care, politics don't mix

By Tim Sweeney

Rather than continue the political debate over the Affordable Care Act, Georgia's leaders should seize the opportunity it offers to make affordable health insurance available to more Georgians, particularly by expanding Medicaid.

Georgia already ranks near the bottom when it comes to health coverage, and failing to implement provisions of the law that will cover more Georgians would simply aggravate the problem.

Expanding Medicaid, a decision the Supreme Court left up to the states, could mean health coverage for more than 600,000 low-income Georgians who would likely remain uncovered otherwise. Importantly, they would have better access to primary care instead of being forced to rely on sporadic, expensive emergency room care that Georgians with insurance often end up paying the tab for through higher premiums.

The expansion is also a great deal for Georgia, as new federal funds will cover all of the costs for newly eligible Georgians in the first few years, and at least 90 percent of the costs in the long term. This will be good for Georgia's economy, too, since the money will be used to pay doctors, hospitals, pharmacies and other health care providers throughout the state. In the first three years alone, the expansion could pump \$8 billion into the state's economy.

Claims that Medicaid is ineffective are wrong. To the contrary, Medicaid expansions in other states have improved health outcomes, boosted residents' financial security, and even reduced death rates. In Georgia, Medicaid serves more than 1 million children from low-income families and is the primary payer for hundreds of thousands of elderly Georgians and people with disabilities who receive long-term care in nursing homes or community settings. Without Medicaid, many more Georgians would go without health coverage and would face increased financial hardships as a result.

National organizations opposed to health care reform are urging Republican-controlled states not to expand Medicaid in yet another effort to stall and delay the law. They are playing political games at the national level and do not have the interests of Georgia consumers and taxpayers at heart.

These groups are also lobbying against state-based private health insurance markets, or exchanges, under the guise that declining to establish one is akin to "opting-out" of Obamacare and will prevent other parts of the law from taking effect. In reality, since Georgia has failed to lay the groundwork for a state-run exchange, Georgians will instead be served by a federally facilitated exchange. While this is a missed opportunity to build an exchange tailored to our needs, a federal exchange will still allow Georgians to take advantage of new federal tax credits in 2014 to help with the purchase of private health coverage, and other parts of the law will still take effect in Georgia.

Georgia still needs to work with the federal government to ensure that Georgians are well-served by the exchange in the short term, and state policymakers should continue to examine whether a Georgia-run exchange is best for the state in the long term. The time for playing politics with health coverage is over. It's time for Georgia to move forward

and implement the law so more Georgians will have affordable health coverage and the peace of mind that comes with it.

Tim Sweeney is director of health policy at the Georgia Budget & Policy Institute.