

# AMERICANS FOR PROSPERITY<sup>®</sup>

## MONTANA

April 20, 2012

62<sup>nd</sup> Montana Legislature  
Economic Affairs Interim Committee

### Testimony on Health Care Exchanges

Mr. Chairman and Committee members:

Americans for Prosperity (AFP) is a free market non-profit organization that is committed to educating and engaging grassroots citizen activists across the country to advocate for smaller government, lower taxes, and economic freedom. We believe that the free market is and always has been the true path to prosperity. On behalf of our almost 9,000 activists in Montana, I am pleased to submit this testimony and deliver petitions signed by hundreds of Montanans opposing any attempt by the State of Montana to create a "Health Benefit Exchange" as dictated by the Patient Protection and Affordable Care Act (PPACA).

AFP previously submitted written testimony in August 2011 on this issue, but since then, the federal Department of Health and Human Services (HHS) released a final rule governing state exchange creation. This rule confirms AFP's previous position that these exchanges harm competition and increase premiums for consumers. According to one study authored by Jonathan Gruber, the chief economic architect of PPACA, for the state of Wisconsin, premiums would increase by 30% for individuals.

The 644-page rule released by HHS in March detailed complex procedures that provide no meaningful flexibility for the state of Montana. The lengthy rule contains the word "must" over 1,000 times and the word "require" more than 320 times. Any plan created by Montana must be approved by the Secretary of HHS where she alone has approval authority. Significant changes made afterward must also receive her approval. Even if Montana tries to create an exchange that meets the unique needs of her residents, true authority rests in Washington, D.C. Montana serves as nothing more than the bureaucratic arm of the federal government.

The federal regulations also dictate which insurers can enter in the market, "qualified health plans", and what products they must offer, "essential health benefits." In fact, the federal government is now providing funding to create new insurers including the Montana Health Cooperative that received \$58 million from HHS in February. HHS claims this non-profit insurer will protect consumers, but several of the largest insurers in Montana are all ready non-profits. Why waste federal tax dollars to create something that all ready exists?

Additionally, AFP calls attention to the extreme difficulties in creating an exchange by the January 1, 2013 deadline. In fact, the federal government has stated that it is concerned that it does not have enough time or money to accomplish the task at hand. Montana should not do the heavy-lifting just because the federal government can't.

Finally, this <sup>lifting</sup> exchange is nothing more than a hidden tax increase on Montana residents and businesses. Starting in 2015, the exchange must be self-funding though no one knows the true cost to operate the exchange. The cost is expected to be financed through user fees and taxes on insurance premiums further hurting families in Montana. More importantly, if Montana decides to create a state-based exchange, a glitch in the original law will subject Montana businesses to a new tax of up to \$3,000 per employee enrolled through the exchange. If the federal government comes in to set up their version of an exchange, AFP believes that this tax will not apply.

AFP opposes any attempt by Montana to create an exchange and instead urges the state to reject the federal government's attempt to make important decisions on behalf of Montana and her citizens.

Mr. Chairman and Committee members, I thank you for time.

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# MONTANA HEALTH CARE FREEDOM

BLOCK OBAMA'S HEALTH CARE EXCHANGES

A Project of

AMERICANS FOR PROSPERITY

## Petition Opposing Implementation of the President's Health Care Law

We, the undersigned citizens of the great State of Montana, oppose the implementation of the President's new health care law, the Patient Protection and Affordable Care Act, because it is unconstitutional, unaffordable and impractical. The individual mandate requiring citizens to purchase health insurance is an unconstitutional over-extension of Congress' authority to "regulate commerce." The cost of implementation at \$1.76 trillion is now nearly twice its original estimates and is likely to increase further.

Despite the state legislature's attempt to block implementation of the new bill and public opposition to it, the State of Montana continues to move forward with implementation. Recently, the Montana Health Cooperative received a \$58 million loan from the U.S. Health and Human Services to start a new non-profit health insurance company, even though two of the three largest private insurers in Montana are non-profit companies. In addition, the State Auditor and Commissioner of Securities and Insurance continues to push the development of a Montana Health Care Exchange for the alleged purposes of helping consumers make informed decisions about purchasing health care insurance. In reality, these exchanges heap layers of burdensome rules, restrictions, and mandates on the state and insurers. They empower federal bureaucrats to bind consumers' choices and take more control away from states.

We, the undersigned, therefore oppose the establishment of the Montana Health Cooperative as well as the Montana Health Exchange and urge the State of Montana Economic Affairs Interim Committee to oppose any and all efforts to implement the new health care law.

First & Last Name:

David S. Brown

Signed:

[Signature]

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## Opponents of the Affordable Healthcare Act

First Name	Last Name	City
Aaron	Whittemore	Bozeman
Aavo	Taaler	Helena
Alice	DeKlyn	Belgrade
Alicia	Watts	Belgrade
Amy	Hanson	Billings
Amy	Laguna-Gills	Billings
Andrew	Hansard	Belgrade
Andrew	Meyer	Ennis
Andy	Larson	Billings
Ann	Heintz	Lewistown
Ann	Vollum	Livingston
Arthur	Plowman	Boyd
Barbara	Frost	Bozeman
Barbara	Rush	Helena
Barbara	Spatig	Bozeman
Becky	Stockton	Helena
Bill	Graves	Bozeman
Bill	York	Lewistown
Bob	Manners	Ennis
Brian	Kenat	Billings
Brookes	Larsen	Buffalo
Bruce	Marrott	Belgrade
Cal	Zastrow	Billings
Carol	Delger	Bozeman
Carol	Hedrick	Grass Range
Cathy	Anderson	Bozeman
Charles	LaFountain	Lewistown
Cherie	Ferguson	Bozeman
Cheryl	Roller	Bozeman
Chris	Christensen	Sheridan
Christine	Hallmann	Avon
Christine	Lambrecht	Billings
Christopher	McBee	Belgrade
Clarence	Getz	Helena
Cody	King	Molt
Connie	Harrison	Sheridan
Connie	Plenke	Belgrade
Constance	Spinelli	Bozeman
Corey	Stapleton	Billings
Craig	Staley	Sheridan
Curt	Toft	Bozeman
D. Dean	Anderson	Lewistown
Dan	Haffel	Pony
Dana	Peeples	Bozeman
Daniel	Bennett	Cameron
Danielle	Frost	Belgrade
DarLyne	Olson	Manhattan

## Opponents of the Affordable Healthcare Act

Dave	Peeples	Bozeman
David	MacKenzie	Ennis
David	Penwell	Bozeman
Dawn	Gollofon	Butte
Deana	Whittemore	Bozeman
Deborah	Sheilds	Bozeman
Dennis	Fullinwider	Bozeman
Dennis	Rowe	Belgrade
Deon	Carpenter	Helena
Destyni	Harmon	Billings
Diana	Hewitt	Lewistown
Diane	Olsen	Billings
Dianne	Vaught	Bozeman
Dianne	Vaught	Bozeman
Don	Danell	Lewistown
Don	Goodman	Sheridan
Don	McKinley	Hogson
Don	Wood	Livingston
Dorina	Manners	Ennis
Doug	Bundren	Bozeman
Doug	Chapman	Belgrade
Doug	Roope	Helena
Douglas	Bundren	Bozeman
Douglas	Carpenter	Helena
Dwayne	Crook	Lewistown
Ed	Argenbright	Helena
Edwin	Halland	Bridger
Eric	Sonsteng	Helena
Faith	Malpeli	Big Sky
Frances A.	Hunter	Lewistown
Gale	Flores	Livingston
Gary	Bojok	Helena
Gilbert	Stallknecht	Lewistown
Glen	Black	Bozeman
Harold	Anderson	Mammoth
Harvey	Lake, Jr	Dillon
Helen	Bode	Bozeman
Henry	LaFever	Billings
Henry	Moore	Billings
Hildegard	Wrede	Bozeman
Irene	Scully	Bozeman
Isabella J.	D'Angelo	Williston
Jack	Marshall	Bozeman
Jacob	Hanson	Billings
James	Parsons	Ennis
James	Scully	Bozeman
James	Sturtz	Lewistown
James	Mason	Bozeman
James	Parsons	Ennis

## Opponents of the Affordable Healthcare Act

James	Scully	Bozeman
James R.	Spady	Bozeman
Janie	Alt	Sheridan
Janine	Lyon	Bozeman
Jay	Anderson	Helena
Jeannie	Walter	Grass Range
Jed	Hinkle	Bozeman
Jeffrey	King	Molt
Jenna	Bennett	Cameron
Jennifer	Loomis	Helena
Jim	Clore	Bozeman
Jim	Simon	Belgrade
Jimmie	Fullinwider	Bozeman
Joan	Stanley	Three Forks
JoAnne	Kessler	Helena
Joel	Price	Bozeman
John	Claypool	Ennis
John	DeJartis	Ennis
John	Plenke	Belgrade
John	Watts	Belgrade
John C.	Wisman	Belgrade
Jon	Rush	Helena
Joseph	Spinelli	Bozeman
Josh	Shapanksy	Avon
June	Spady	Bozeman
Karen	Marshall	Bozeman
Kari	Pearson	Billings
Karlina	Popwell	Bozeman
Katherine	Sheilds	Bozeman
Kathryn	Comstock	Bozeman
Kathryn	Graves	Bozeman
Katie	More	Gallatin Gateway
Keith	Ochs	Great Falls
Ken	Chapman	Bozeman
Kim	Lewis	Bozeman
Klaas	Tuininga	Manhattan
Lacey	Simon	Belgrade
Lance	Peeples	Bozeman
Linda	Rethman	Molt
Loren	Kunau	Bozeman
Luca	Troiani	Sheridan
Lydia	Rowe	Belgrade
Manuel	Herrera	Bozeman
Mare	Boustead	Belgrade
Marilyn	Wist	Ennis
Marle	Diaz	Helena
Martha	Jacobsen	Big Timber
Martin	Gillis	Billings
Mary	Crook	Lewistown