

## FEDERAL EXCHANGES

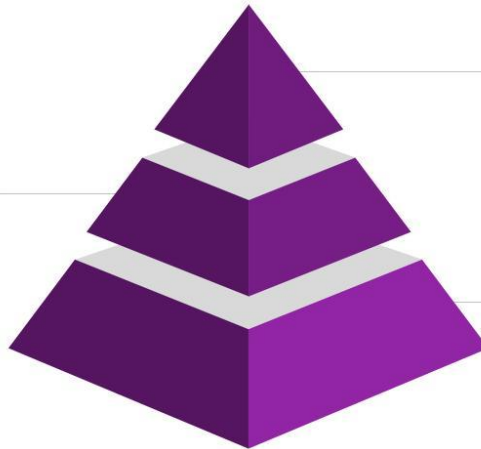
How do these really work?

### Insurance Companies

The government does not supply health insurance in a direct sense.

The exchanges help people to purchase benefit packages from health plans, and the government subsidize the cost of the premium. The government heavily regulates these plans, there is no room for innovation.

The government wanted Health Plans to manage costs, and often feel they should absorb costs on a redline book of business.



### "Affordable Care Act"

The idea was to have government subsidies be a small containable cost in terms of tax money, to make the cost "affordable" to everyone.

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The "Un-Affordable Care Act" now has no Individual Mandate as the expense base. The heavily regulated and highly mandated Plans on the exchanges now provide little coverage and little benefit at high cost.

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### Individual Mandate

The idea of requiring all Americans to purchase Health Insurance, was to force many healthy people onto the pay-in part of the system, in order to offset the cost of heavy utilizers, like people with pre-existing conditions.

The Federal Exchanges (including State based exchanges) are an epic failure. Anyone who has or knows someone who has purchased a plan from this market is well aware of this fact. The big plan was to ensure coverage for pre-existing conditions and enforce a set level of required benefits to cover via the essential health benefits. The idea was, by forcing everyone to have insurance there would be plenty of healthy people paying into the system and not using the benefits, that there would be plenty of money for the claims of the sick people on the system. The individual mandate being struck down, created a huge problem; these plans were now massively financially insolvent. To address this issue, a bandaid and bubble gum was applied to the gaping hole, by using taxpayer money to subsidize this whole system. Make no mistake about it, this is heavily funded by subsidies being paid to health plans, providers, and individuals.

Even if you as an individual get approved for your premium to be subsidized, the benefit "plans" on the exchange are no better than the "junk plans" they were seeking to prevent. You have a huge premium in most cases (subsidized), co-pay, co-insurance, outrageous deductibles, etc. Most people unless you are really sick, will never meet the annual deductible, so you pay into the system, then pay all your medical costs fee-for-service. What is the point of that?

The Health Care Liberty plan is to eliminate these exchanges. The Health Care Liberty plan will create a High Risk pool to address the "reasons" these exchanges were tried. Addressing the problem directly, rather than indirectly, will save taxpayers billions. Additionally, it will open up the individual insurance market to be an inexpensive and useful mechanism for people who want specific coverage for low cost, and are willing to take on the risk in the areas they didn't choose to cover; such as we do with car and homeowners insurance.