



Written by [Michael Tennant](#) on April 30, 2014

After Huge Website Crash, Oregon Asks Feds to Run ObamaCare Exchange

You know your state's ObamaCare exchange is in deep trouble when jettisoning it in favor of the federal exchange is considered an improvement. Yet that is precisely what Oregon — whose Cover Oregon exchange, once touted as a model for other states, is now, in the words of [The Hill](#), "one of the worst in the country" — has decided to do.

It's not hard to understand why. The Beaver State received \$304 million in federal grants, including \$48 million for being an "early innovator," and has spent about \$250 million trying to get its website working to no avail. Oregon's website, notes the [Washington Post](#), "has been the country's only one to fail so spectacularly that no resident has been able to sign up for coverage online since it opened early last fall."



Given the choice between spending another \$80 million in an effort to finally get the website functioning or about \$5 million to turn things over to the federal government and Healthcare.gov — which, unlike Oregon's website, has actually been whipped into [some semblance of shape](#) since its equally disastrous launch — Cover Oregon's board made the sensible decision to do the latter.

"Of course we're very disappointed," board member Dr. George Brown told [Kaiser Health News](#). "People have worked very hard to make this work. And I think there's been significant success if you look at the numbers of people who've been enrolled both through the qualified health plan as well as Medicaid."

Indeed, it is amazing that Cover Oregon has managed to enroll about 240,000 people in health coverage — roughly 70 percent of them in Medicaid — despite the complete failure of its website. Good, old-fashioned manual effort, involving human navigators, pens, and paper, made the difference.

Kaiser attributes the website disaster to two main factors. First, "the state wanted a website that could enroll everyone from individuals to businesses owners, Medicaid recipients and even children." Second, "the contract Cover Oregon drew up with the software giant Oracle to build the site didn't link payment with producing a working website." Thus, as with Healthcare.gov, "officials have blamed the contractor primarily responsible for the website" (as [The Hill](#) put it), rather than politicians' grandiose dreams, for the debacle.

The website isn't the only problem plaguing Cover Oregon. The exchange has gone through three executive directors in the last five months. It spent \$10 million on [promotional ads](#) by local musicians. It [enrolled nearly 4,000 illegal immigrants in full health coverage](#), contrary to federal law. And current



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and former Cover Oregon employees told Portland's [KATU](#) there was other chicanery afoot: Workers were encouraged "to push applications through at all costs, while at times doing little to protect taxpayer money or privacy," and applications from state officials were given priority over those from the people who pay their salaries.

Switching to Healthcare.gov may help Oregon officials put the embarrassment of their website behind them, but, avers Kaiser, it "may cause some headaches of its own." Those Oregonians who have enrolled in private coverage may be forced to re-enroll via the federal website when open enrollment begins again in November. That in itself may not be an easy task given that, according to Kaiser, "five of the 16 health insurance companies currently doing business in the state don't have the computer interface needed to work with the federal exchange," and the other 11 will have to make some changes to their systems in order to do so; some of these companies may decide it's not worth the added expense. Cover Oregon's navigators will have to be retrained to help people wade through the morass of Healthcare.gov. The state and the federal government will also have to hash out the one-percentage-point difference in the tax rates the two exchanges impose on insurance premiums to help fund their operations.

Then there is the little matter of all the federal money the state got to set up its exchange. Republicans, predictably, are raising a fuss about it.

"Cover Oregon wasted over \$200 million and is the poster child for what's wrong with ObamaCare's state exchanges," Republican National Committee Chairman Reince Preibus said in a statement, placing the blame for the website disaster on Oregon Gov. John Kitzhaber (D) and Sen. Jeff Merkley (D-Ore.), both up for reelection this year.

"[Cover Oregon] is the worst financial failure in information technology in state history — and it was completely avoidable," Rep. Greg Walden (R-Ore.) said in an April 24 statement. "Today's admission of failure underscores the need to stop the waste and get the truth."

The GOP, however, has not been alone in its calls for an investigation. Sen. Ron Wyden (D-Ore.) joined Merkley in requesting a Government Accountability Office (GAO) probe of Oregon's use of federal funds for its website, and four Republican members of the House Energy and Commerce Committee made a similar request. The GAO agreed to conduct the investigation as part of a "broader study planned to examine states' health exchange websites."

Federal health officials are, in fact, already investigating a number of other state exchanges, including those of Maryland and Massachusetts, which they have concluded "may be too dysfunctional to fix," reports the *Post*. Hawaii's and Minnesota's exchanges, among others, have also "faltered," the paper said.

Massachusetts, the state that gave us the prototype for ObamaCare, "is actively seeking an additional \$16 million in funds to pay for newly hired private contractor Optum to build manual workarounds to process paper applications, and has yet to go public with the potential costs to fix the broken website," penned [Josh Archambault](#) of the Foundation for Government Accountability. "They have only enrolled 769 individuals onto subsidized coverage with the website, and have put more than 160,000 residents on Medicaid temporarily while they figure out if they qualify for coverage or not."

Add to that the facts that (a) "more than 25% of the state based exchange executive directors [have] resigned, and multiple states [have lost] CIOs, and COOs for poor performance" and (b) "many of the states still lack a plan to sustain operations in the coming years," and one would be hard-pressed to



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disagree with Archambault's prediction that Oregon's turning its exchange over to the feds "could be the first of many takeovers of exchanges, and certainly will not be the last bailout of one."

Cover Oregon began its life hailed by Democrats as a visionary approach to providing health coverage to the masses. Following a massive website failure and other difficulties, it is expiring as a colossal — and expensive — flop. One could not ask for a more apt metaphor for the whole of ObamaCare. And if one is concerned about liberty and constitutionalism, he can only hope that the entire law meets the same fate.



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