Written by Michael Tennant on May 14, 2013

Colorado's Insurance Exchange May Seek $125M More in Federal Funding

In yet another example of ObamaCare's exploding costs, Colorado's health insurance exchange — believed by state legislators to be "the leanest, most cost effective exchange in the country" — is quickly burning through $61 million in federal funds and is considering asking for over twice as much again from Uncle Sam.

According to the *Denver Post*, during a May 6 meeting of the Connect for Health Colorado board, which oversees the exchange, consumer groups and liberal board members argued that the money is needed both to establish the infrastructure of the exchange and to educate the public about it. Conservatives, on the other hand, were critical of the request to soak taxpayers for another $125 million, especially for "outreach."

"The size of this grant leaves me fairly speechless," state Rep. Bob Gardner, a Republican, said during a May 7 meeting of a special legislative committee. "Frankly, we were given to understand that we were running the leanest, most cost effective exchange in the country, by any measure, and so it's disappointing."

"Just because funds are available doesn't mean we should ask for them," board member and physician Dr. Mike Fallon said. Fallon didn't contest the need for more funding, but he did point out that "the trouble is, the money's not free."

Proponents of the grant request, by contrast, do seem to view money from Washington as free. They argue that the money will be spent in other states if Colorado doesn't ask for it. "Plus," reports Colorado Public Radio, "exchange executives say if they can't cover all the start-up costs with federal grants, they'll have to raise fees on customers, fees that are already set at a little under $22 per person per year." Apparently they prefer foisting those costs onto others.

Board member Arnold Salazar dismissed conservatives' complaints, saying, "We shouldn't be victims to our ideology." Salazar, notes the *Post*, "agreed with consumer groups that outreach spending is key and should remain high." But Salazar also has a vested interest in getting as many people signed up for Medicaid — the other key "insurance" expansion in ObamaCare — as possible: His "group provides Medicaid mental-health services in southern Colorado," says the paper.

The initial proposal included $20 million for hiring "navigators" to help people figure out how to buy insurance on the exchange and apply for any federal subsidies to which they are entitled. The board reduced it to $14 million, generating a heated response from pro-ObamaCare consumer groups, such as the Colorado Consumer Health Initiative, which told the board in a letter that the slightly more modest request would amount to “underfunding this crucial program.” Like Salazar, these organizations stand to gain from the disbursal of these funds: The Obama administration’s proposed navigator rule requires some navigators in each exchange to come from “a community and consumer-focused non-profit group.”

Fallon was unmoved by these entreaties, observing that the exchange already had received $61 million from the federal government and that “the added new request would mean spending $200 million to ‘sell insurance’ already mandated and subsidized by federal law,” the *Post* reports. He might have added that prior to ObamaCare, insurance companies seemed perfectly capable of accomplishing this task without taxpayer subsidies.

It is true that Coloradans are unfamiliar with the insurance exchange. The board found that 90 percent of Coloradans haven’t a clue as to what the exchange will do or how it will provide premium-assistance subsidies. This comes as little surprise given that, according to the latest Kaiser Health Tracking Poll, four in 10 Americans don’t even know ObamaCare is in effect yet, and nearly half say they don’t have enough information to know how it will affect their families. This, among other reasons, is why Sen. Max Baucus (D-Mont.) declared that he sees “a train wreck coming down” the pike as exchange implementation approaches. (Open enrollment is scheduled to begin October 1.)

Still, one must question whether spending taxpayer dollars to encourage people to apply for more taxpayer dollars — as the Obama administration has also done with the food-stamp program — is the best use of those initial dollars. It would, of course, be unkind to mandate that individuals have health insurance and then not help them to obtain it; but maybe the solution to the problem is not to force taxpayers to pick up the tab for insuring other people but to repeal the mandate that necessitated the subsidies in the first place.

The Connect for Health Colorado board must decide by May 15 just how large its request — which, as of last week, also included “$14.4 million for marketing, $33 million to build and staff a customer call center and more than $50 million for hardware, software and technology management,” according to the *Post* — will be.

One thing, however, is certain: If the most efficient exchange in the country keeps needing more and more money, the cost of all the exchanges — and all the other parts of the ObamaCare behemoth — is almost certainly going to keep rising. So much for Obama’s “Affordable” Care Act.