



# Blue State ObamaCare Blues

***Democrats Hoping To Hide From ObamaCare In November Won't Be Able To Hide From Voters That Are Stuck With The Bill***

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## **INSTEAD OF AN "EASILY SUSTAINABLE" EXCHANGE, NEARLY A MILLION COLORADANS COULD GET HIT WITH NEW FEES**

**In January, Officials Of Colorado's ObamaCare Exchange Told Lawmakers That The Exchange Was "On Track To Be Self-Sustaining" And That There Would Be No Need For High Fees On Health Premiums.** "Colorado's state-run insurance exchange says it's on track to be self-sustaining by next year, telling lawmakers that enrollment is perking up and that taxes on premiums should be lower than in states using the federal exchange. Officials from Connect For Health Colorado, the state marketplace for buying health insurance, told lawmakers that Colorado's exchange won't need high fees on premiums to be self-supporting by 2015, when federal subsidies run out." ("Colorado Exchange Says It Will Be Self-Sustaining," [The Associated Press](#), 1/30/14)

- **Colorado Exchange CEO: "This Is Easily Sustainable."** "'This is easily sustainable,' exchange CEO Patty Fontneau said." ("Colorado Exchange Says It Will Be Self-Sustaining," [The Associated Press](#), 1/30/14)

**After Spending At Least \$100 Million In Federal Funds, Colorado's Exchange "Is Scrambling To Figure Out How To Sustain Itself Beyond This Year.** "Connect for Health Colorado officials have touted the state's insurance exchange as frugal and having relatively low fees. But after spending at least \$100 million in federal funding, the exchange is scrambling to figure out how to sustain itself beyond this year." (Arthur Kane, "Colorado Health Care Exchange Faces Financial Challenges," [Denver Post](#), 5/5/14)

**Colorado Officials Have Proposed "A \$13 Million Fee On All Coloradans With Health Insurance" That Would Hit 875,000 Coloradans To Help Fund The State's ObamaCare Exchange.** "A \$13 million fee on all Coloradans with health insurance would pay half the operating costs at the state health exchange next year and in 2016 under new financial projections. The proposed fee would affect at least 875,000 people and includes Coloradans who get their insurance through their employers or outside the exchange, known as Connect for Health Colorado." (Katie Kerwin McCrimmon, "Fee To Fund Exchange Would Hit All Coloradans With Health Insurance," [Denver Business Journal](#), 4/17/14)

**Coloradans That Enrolled In An ObamaCare Plan Are Subjected To Fees, Including A User Fee That Could More Than Double From 1.4 Percent To 3 Percent.** "People who buy through the exchange will get hit with two fees. They are currently paying a user fee of 1.4 percent and that fee is projected to rise as high as 3 percent by 2017. On top of the user fees, people who buy through the exchange will also pay the fee that exchange managers are calling a 'general market health insurer assessment.'" (Katie Kerwin McCrimmon, "Fee To Fund Exchange Would Hit All Coloradans With Health Insurance," [Denver Business Journal](#), 4/17/14)

## AS HAWAII'S EXCHANGE REMAINS A FAILURE, STATE OFFICIALS ARE HOPING TO RAISE TAXES TO KEEP THE EXCHANGE AFLOAT

**Due To The "Anemic Enrollment," The Hawaii Health Connector Will Not Be Able To Pay Its Bills When Federal Grant Money Dries Up Next Year.** "As the Hawaii Legislature weighs bills that would make sweeping changes to the state's ObamaCare program, the interim director of Hawaii's healthcare exchange on Wednesday laid out a grim financial picture facing the agency. With anemic enrollment by individuals and little interest among small-business employers, the state's nonprofit exchange -- known as the Hawaii Health Connector -- is unlikely to have enough money to pay its bills, even under the best of circumstances, when federal grant money dries up in 2015." (Maeve Reston, "Grim Scenario For Hawaii's ObamaCare Plan: The Numbers Don't Add Up," [Los Angeles Times](#), 2/27/14)

- **The Hawaii Health Connector Is Financed By A 2% Fee On Each Plan Sold – Not Nearly Enough With Hawaii's Extremely Low Enrollment.** "The exchange had originally planned to stay afloat by collecting a 2% fee on every plan sold through the exchange, but with the slow pace of enrollment and changing federal rules -- delaying the employer mandate and allowing canceled plans to continue -- Interim Director Tom Matsuda said Wednesday that the math simply does not add up." (Maeve Reston, "Grim Scenario For Hawaii's ObamaCare Plan: The Numbers Don't Add Up," [Los Angeles Times](#), 2/27/14)
- **"To Date, The Connector Has Raised Only \$40,350 In User Fees, According To Nathan Hokama, The Exchange's Spokesman."** (Cathy Bussewitz, "Insurance CEO: Shut Down Hawaii Health Exchange," [The Associated Press](#), 5/10/14)

**Under The "Best-Case Scenario" For Enrollments, Hawaii's ObamaCare Exchange Would Be Unable To Finance Itself.** "'That revenue figure is far below what we think our expenses are going to be,' said Matsuda, who has estimated that the agency will need about \$15 million a year starting in 2015. Health Connector board members also looked at the best-case scenario for enrollment, and 'even then, we're still short on having enough revenue to cover projected expenses,' he said." (Maeve Reston, "Grim Scenario For Hawaii's ObamaCare Plan: The Numbers Don't Add Up," [Los Angeles Times](#), 2/27/14)

**Legislators Passed A "Major Bill" That Addressed Funding For The Exchange, Giving The Exchange Board Authority To Charge User Fees On "Participating Health And Dental Carriers."** "The major bill relating to the Hawaii Health Connector that passed from this session is Senate Bill 2470, which keeps it as an autonomous nonprofit entity while requiring greater transparency with more 'legislative involvement and stakeholder engagement.'... The bill addresses funding, as well, noting that the exchange must be self-sufficient by Jan. 1, 2015, and may charge assessments or user fees to participating health and dental carriers or generate non-insurer based funding to support its operations, whether that be charging fees for displaying advertisements on its website or selling or leasing its information technology services." (Jenna Blakely, "Lawmakers Give \$1.5M To Hawaii Health Connector, Pass Bill To Keep As Nonprofit," [Pacific Business News](#), 5/2/14)

- **The Executive Director Of The Hawaii Exchange Didn't Rule Out Charging Fees To Insurers That Sell Plans Outside Of The Exchange.** "Earlier in the session there were talks of assessing a fee on non-participating insurers. 'That fee was removed earlier in the session,' Matsuda said. 'Nothing like that passed through legislation, but the Connector board has the ability to make policy decisions around generating revenue. There isn't anything being actively considered but we do have leeway under the Affordable Care Act and state statutes.'" (Jenna Blakely, "Lawmakers Give \$1.5M To Hawaii Health Connector, Pass Bill To Keep As Nonprofit," [Pacific Business News](#), 5/2/14)

***Amidst Calls To Scrap The Exchange Entirely, Online Enrollment In Hawaii's Exchange May Cease To Exist***

**In Efforts To Keep Its ObamaCare Exchange Afloat, Hawaii Officials Are Considering Scrapping Online Enrollment Through Its ObamaCare Exchange.** “The Hawaii Health Connector, which is developing a sustainability plan to stay afloat without federal funding in 2015, is working with state lawmakers on getting federal approval in time for the 2015 open enrollment period to shift its individual marketplace over to the state Department of Human Services, which handles Medicaid eligibility and enrollment.” (Jenna Blakely, “Hawaii Health Connector Seeks Approval To Outsource Individual Enrollment To State Department Of Human Services,” *Pacific Business News*, 4/11/14)

- **Hawaii Consumers Would Only Be Able To Window Shop On The ObamaCare Website.** “That means individuals would use the Hawaii Health Connector website simply to shop and compare plans but would go to the DHS to file applications and complete the enrollment process.” (Jenna Blakely, “Hawaii Health Connector Seeks Approval To Outsource Individual Enrollment To State Department Of Human Services,” *Pacific Business News*, 4/11/14)

**Michael Gold, CEO Of The State’s Largest Health Insurance Company, Is Calling On The State To Abandon Its ObamaCare Exchange, Citing Higher Costs And Taxes.** “The chief executive of Hawaii’s largest health insurance company is calling on Hawaii to shut down its beleaguered health insurance exchange, which was set up as part of President Barack Obama’s signature health care law. Michael Gold, president and CEO of Hawaii Medical Services Association, says the state shouldn’t keep spending money on the Hawaii Health Connector, a system that he says is financially unsustainable and does not work. ... Gold said trying to sustain the exchange is the wrong approach because it would cost the public too much, either through fees on insurance companies or taxes.” (Cathy Bussewitz, “Insurance CEO: Shut Down Hawaii Health Exchange,” *The Associated Press*, 5/10/14)

## **LACKLUSTER ENROLLMENTS IN WASHINGTON, D.C. MAY RESULT IN HIGHER PREMIUMS FOR EVERYONE WITH HEALTH INSURANCE**

**Last Week, Washington, D.C.’s City Council Passed A New Tax To Fund Its ObamaCare Exchange.** “The city council of Washington, D.C., voted Tuesday to allow a tax on all health insurers selling inside the district to fund its Affordable Care Act insurance marketplace.” (Louise Radnofsky, “D.C. Council Approves Tax To Aid Health Exchange,” *The Wall Street Journal*, 5/6/14)

**The City Now Has “The Power To Tax All Health-Insurance Carriers Inside The District.”** “The plan, submitted by the city’s DC Health Link insurance exchange, gives the city the power to tax all health-insurance carriers inside the district for exchange funding. The council opted for taxing all carriers, not just those selling in the exchange, to make the levy lower, according to a copy of the approved resolution.” (Louise Radnofsky, “D.C. Council Approves Tax To Aid Health Exchange,” *The Wall Street Journal*, 5/6/14)

- **All Health Plans And Health-Related Products Sold In And Outside The D.C. Exchange Will Be Taxed.** “Under the legislation, which will take effect on an emergency basis but eventually face congressional review, D.C. would fund most of its exchange through products not eligible for sale on the exchange, adding a 1 percent tax on more than \$250 million in insurance premiums paid annually by those who live and work in the District. Those plans include long-term care, disability, vision, dental, hospital indemnity and dozens of other health-related policies. Insurers would be responsible for turning over the sliver of premium costs to the exchange.” (Aaron C. Davis, “D.C. Council Approves Broad New Tax On Health Insurance To Cover City’s Exchange,” *The Washington Post*, 5/6/14)

**The New Tax On Insurers Will Result In Higher Premiums For Health Insurance Consumers.** “The assessment would likely be 1% on the amount of money each carrier took in from health-insurance premiums, and wouldn’t be directly levied on people enrolled in the insurance plans, the exchange said.

But insurers have previously indicated that they have met the cost of new fees under the health law by increasing premiums.” (Louise Radnofsky, “D.C. Council Approves Tax To Aid Health Exchange,” [The Wall Street Journal](#), 5/6/14)

- **Prior To The City Council’s Vote, Insurers Warned That The New Tax Will Be Borne By D.C. Customers Through Higher Premiums.** “In warnings to city exchange officials in recent months, insurers have threatened that the costs will be passed on to D.C. customers and that the exchange is certain to face a court challenge over whether it is overstepping the intent of Congress and the Affordable Care Act.” (Aaron C. Davis, “D.C. Council Approves Broad New Tax On Health Insurance To Cover City’s Exchange,” [The Washington Post](#), 5/6/14)

## **OREGON, MARYLAND AND MASSACHUSETTS HAVE ALREADY DECIDED TO SCRAP THEIR EXCHANGES AND MOVE IN A DIFFERENT DIRECTION**

**The Board Overseeing Cover Oregon Unanimously Approved “The Obama Administration’s Plan To Take Over The Marketplace.”** “The Oregon board overseeing the state’s deeply flawed health insurance exchange unanimously approved on Friday the Obama administration’s plan to take over the marketplace, making Oregon the first state to drop its enrollment website for HealthCare.gov.” (Jason Millman, “Cover Oregon Officially Admits Enrollment Site Is Broken Beyond Repair,” [The Washington Post](#), 4/25/14)

- **The Shift Will Have “Still-Unknown Effects On The Organization’s Finances, Current Enrollees, And Insurance Agents.”** “Cover Oregon officials said the move to the federal exchange will have still-unknown effects on the organization’s finances, current enrollees and insurance agents licensed to sell in the marketplace.” (Jason Millman, “Cover Oregon Officially Admits Enrollment Site Is Broken Beyond Repair,” [The Washington Post](#), 4/25/14)

**As Cover Oregon Was Financed By A 2.5 Percent Premium Tax, Oregonians May See Higher Premiums From The Switch To The Federal ObamaCare Exchange.** “Another big question: What happens to the state’s exchange funding? Cover Oregon is partly financed by a 2.5 percent premium tax on insurers selling in the exchange, while the federal exchanges charge insurers a 3.5 percent premium tax. Pettit said Cover Oregon hasn’t figured out the financial implications.” (Jason Millman, “Oregon Will Drop Its ObamaCare Exchange. What Now?” [The Washington Post’s Wonk Blog](#), 4/24/14)

**According To Reports, The ObamaCare Software Tweak Has Now Led Massachusetts’ Officials “To Completely Scrap” Its Broken ObamaCare Exchange Website.** “Massachusetts plans to completely scrap the state’s dysfunctional online health insurance website, deciding that it would be too expensive and time-consuming to fix the overwhelming number of flaws.” (Liz Kowalczyk, “Mass. Scrapping Flawed Health Insurance Website,” [The Boston Globe](#), 5/5/14)

- **Officials Will Now Rely On A New Software Product To Enroll Residents.** “Instead, officials will buy an off-the-shelf product use by several other states to enroll residents in health plans, while simultaneously preparing to join the federal HealthCare.gov insurance marketplace if that product fails.” (Liz Kowalczyk, “Mass. Scrapping Flawed Health Insurance Website,” [The Boston Globe](#), 5/5/14)
- **If The Software Product Fails, The State’s ObamaCare Exchange Will Connect To The Federal ObamaCare Exchange Website.** “The state’s insurance system needs to be ready by Nov. 15 for consumers to enroll in new health plans for 2015. If adoption of the new software, called hCentive, takes longer than expected, the state can connect to the federal marketplace for up to one year.” (Liz Kowalczyk, “Mass. Scrapping Flawed Health Insurance Website,” [The Boston Globe](#), 5/5/14)

**Massachusetts’s Decision To Scrap Its Exchange Will Cost An Extra \$121 Million.** ANCHOR: “After the rough roll-out of ObamaCare, Massachusetts officials announcing today their plans to fix the state’s

own dysfunctional health insurance website. ABC 40's Chris Pisano joining us now from the news room with a look at the details and the huge price tag. Chris." REPORTER: "Yeah Dave, earlier this week, the Patrick administration said it was looking to scrap the state's broken health connection website. They'll adopt a 'dual-track' approach that calls for purchasing the software that powers health exchanges in other states. While at the same time laying the groundwork for a temporary switchover to the federal government's health care exchange if needed and today, we learned the cost. The estimated price tag for a functioning health care website by this fall \$121-million dollars. Now keep in mind the state's already received \$174 million in federal funds to build a site compliant with ObamaCare. But clearly that hasn't happened yet. Also, about a third of that money's been spent. And of the remaining \$117 million, Patrick administration officials aren't sure how much has been committed to pay contractors for work they've already done. It is in a word, a mess." ([WGGB-MA](#), 5/8/14)

**Maryland Decided To Scrap Its Troubled ObamaCare Exchange.** "A Maryland state board voted Tuesday to scrap its troubled health insurance website and replace it with technology from Deloitte LLP that formed the backbone of Connecticut's more successful website." (Jennifer Corbett Dooren, "Maryland To Scrap Health Insurance Website," [The Wall Street Journal](#), 4/1/14)

**Maryland's Decision To Switch The Exchange "Is Estimated To Cost Between \$40 And \$50 Million."** "The federal government will need to approve Maryland's plans. It is estimated to cost between \$40 and \$50 million to replace the website. The board of Maryland's health benefit exchange voted to authorize the board's chairman to finalize a contract with Deloitte." (Jennifer Corbett Dooren, "Maryland To Scrap Health Insurance Website," [The Wall Street Journal](#), 4/1/14)

- **Already, The Overall Cost Of The State's Failed ObamaCare Exchange Is \$261 Million.** "The additional spending this year will bring the overall cost of the online insurance marketplace to \$261 million, officials said." (Erin Cox, "Costs Rising For State Health Exchange, Which Is Still 'Not Functional,'" [The Baltimore Sun](#), 2/10/14)