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## Oregon moves to dump health exchange website

By GOSIA WOZNIACKA (/content/gosia-wozniacka)

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Cover Oregon interim chief information officer Alex Pettit speaks during an advisory committee meeting in Portland, Ore., Thursday, April 24, 2014. After months of deliberation over what to do with Oregon's botched online health exchange, the advisory panel recommended that the state drop its trouble-plagued online health exchange for private policies and have Oregonians instead shop for them on the federal online marketplace. (AP Photo/Don Ryan)

PORTLAND, Ore. (AP) — Oregon, once expected to be a national leader in the federal health care overhaul, on Thursday moved to become the first state to dump its troubled online health exchange and use the federal marketplace instead.

A top Cover Oregon official, Alex Pettit, said fixing the existing system would be too costly at an estimated \$78 million, would take too long to implement, and would be too risky. The state's site still isn't fully functional seven months after a failed launch.

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Pettit said switching to the federal system would cost \$4 million to \$6 million.

An advisory committee made the recommendation to drop the glitch-filled site for private policies, but suggested that Oregon continue using its current technology for Medicaid enrollments.

The Cover Oregon board will vote on the recommendation Friday.

Oregon's exchange is seen as the worst of the more than a dozen states that developed their own online health insurance marketplaces. The state is the only one where the general public still can't use the website to sign up for coverage in one sitting — despite an early start building the site and millions of dollars from the federal government.

Several other states experienced major problems with their exchanges, but so far only one has chosen to replace its site. Maryland recently decided to spend \$40 million to \$50 million to adopt the technology used on Connecticut's successful exchange.

Oregon has received a total of \$305 million in federal grants to fund its operations from 2011 through the end of this year. As of March, the state has spent nearly \$248 million of that money, Cover Oregon interim executive director Clyde Hamstreet said.



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Most of that money went toward the botched portal: \$134 million in federal funding was paid to Oracle Corp. for building the exchange, and an additional \$7 million was spent on paper processing efforts. Currently, Oregonians must use a time-consuming, hybrid paper-online process to sign up for insurance.

Oregon received a monthlong enrollment extension because of the technology problems.

Under the health care law, Washington must step in if a state is unable or unwilling to run its own insurance market. Federal officials said the federal exchange is able to add more states, and they are helping Oregon with the transition.

"We are working with Oregon to ensure that all Oregonians have access to quality, affordable health coverage in 2015," administration spokesman Aaron Albright said.

In March, the federal Government Accountability Office announced an investigation of Oregon's exchange, including looking at whether the federal government can reclaim grant money given to Cover Oregon if taxpayer funds were mismanaged.

"It is the worst financial failure in information technology in state history — and it was completely avoidable," said Rep. Greg Walden, who asked for

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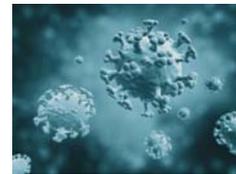
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the GAO probe. "Today's admission of failure underscores the need to stop the waste and get the truth."

Separately, former Health and Human Services Secretary Kathleen Sebelius asked for an inspector general's probe into problems with the rollout of the health care law.

Pettit, Cover Oregon's interim chief information officer, said Thursday that Oregon won't have to return the money, because it's a government grant and the state can decide how to use it. Pettit also said the costs of switching to the federal exchange would be eligible for a 90-10 federal match, meaning the federal government would pay \$9 for every \$1 Oregon contributes.

An independent investigation ordered by Gov. John Kitzhaber found state managers repeatedly failed to heed reports about technical problems that prevented the exchange from launching. It also found Oracle did a shoddy job in building the exchange. Five Oregon officials connected to the development of the Cover Oregon portal have resigned.

Kitzhaber has insisted communications about the portal's troubles never reached him as the planned Oct. 1 launch neared. The governor said he agreed with the technology recommendation.

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"I think their recommendation to use the federal website technology is the right call," Kitzhaber said in a statement sent to The Associated Press. "It is the most reliable and least costly way to ensure that Oregonians have a working website by this fall."

Oregon officials have been weighing their options about what to do with the beleaguered exchange.

A preliminary report by Cover Oregon consultant Deloitte Development LLC made public in April found the least expensive fix for Oregon's health exchange would be linking it to the federally run marketplace. The initial cost for fixing the website was estimated at \$25 million just this year, but that cost later tripled, making the price tag unreachable for Cover Oregon, Pettit said.

If the board approves the switch to the federal exchange, Oregonians will use HealthCare.Gov to enroll in coverage. Officials said they will keep the Cover Oregon website, but it will be redesigned to direct people to the federal site. Oregon also will use the federal call center but will retain some front-end customer outreach, education efforts, and initial carrier management.

Because HealthCare.Gov enrolls people only in private health plans, Oregonians found eligible for Medicaid will be redirected to the Oregon Health

Authority, a state agency that can enroll them in the Oregon Health Plan, Oregon's version of Medicaid.

Matt Salo, executive director of the National Association of Medicaid Directors, said there are still issues with states receiving incomplete or incorrect Medicaid data from the federal marketplace, though data transfer has improved in recent months.

Oregon officials said they would work to improve the current hybrid enrollment process for Oregon Health Plan clients.

Cover Oregon officials also said it's unclear whether people who enrolled for coverage via Cover Oregon would have to re-enroll through the federal portal when the new enrollment period opens in November 2015.

So far, about 240,000 Oregonians have enrolled in coverage through Cover Oregon. More than 69,000 of those enrolled in private health plans, while 171,000 enrolled in the Oregon Health Plan.

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