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February 12, 2014

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G St, NW
Washington, D.C. 20548

Dear Mr. Dodaro,

In the nearly four months since HealthCare.gov and the state-run insurance exchanges launched, consumers have encountered numerous problems at both the federal and state level. Although the rollout of the Patient Protection and Affordable Care Act (PPACA) has been problematic nationwide, no state has had more complications than Oregon.

Oregon's state exchange website, Cover Oregon, has been such a technological failure that even now, months after the start of the open enrollment period, the site is unable to enroll anyone.[1] As a result of Cover Oregon's failure, the state continues to rely exclusively on paper applications. The federal government awarded Oregon $304 million in grants to build Cover Oregon[2], and the state itself has reportedly already spent $160 million on this broken website and millions more will probably be spent as they continue to try to find a fix.[3]

We are only now learning that Cover Oregon's architects have known of the program's design flaws for years. In fact, the warnings go as far back as November 2011.[4] The warnings came not only from state employees but also a third-party company hired to provide quality control and to oversee the project.[5] Yet, in spite of these warnings, officials continued to insist

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[1] Anna Palmer and Jennifer Haberkorn, *Democrats blame big business for botched rollout,* POLITICO, Jan. 9, 2014, http://www.politico.com/story/2014/01/democrats-obamacare-big-business-blame-101934.html; "Oregon Health Exchange Website Yet to Complete One Enrollment," WASHINGTON FREE BEACON, Jan. 14, 2014, http://freebeacon.com/oregon-health-exchange-yet-to-complete-one-enrollment/.

[2] *GOP lawmaker grill Cover Oregon director,* ASSOCIATED PRESS, Jan. 15, 2013, http://www.ktvz.com/news/conger-urges-governor-kill-cover-oregon/-/413192/23950364/-/136nwa9z/-/index.html.

[3] John Fund, *An Obamacare Website Failure Even Bigger Than Washington's,* NATIONAL REVIEW, Jan. 21, 2014, http://www.nationalreview.com/corner/369028/obamacare-website-failure-even-bigger-washingtons-john-fund.

[4] Nick Budnick, *Cover Oregon: Health exchange failure predicted, but tech watchdogs' warnings fell on deaf ears,* OREGON LIVE, Jan. 21, 2014, http://www.oregonlive.com/health/index.ssf/2014/01/cover_oregon_health_exchange_f.html.

[5] Hillary Lake, *Red flags over Cover Oregon spending go back to 2011,* KATU, Feb. 4, 2014, http://www.katu.com/news/investigators/Red-flags-over-Cover-Oregon-spending-go-back-to-2011-243446931.html.

the website was on schedule. In the fall of 2012, Carolyn Lawson, chief information officer for the Oregon Health Authority and Department of Human Services, told state lawmakers, "According to the feds, we're easily nine months ahead of any other state. We have multiple states that are asking if they can participate with us."[6] Lawson has since resigned.

The situation has grown so desperate that some are calling for Oregon to abandon Cover Oregon altogether.[7]

In light of these facts, we request that the Government Accountability Office review the taxpayer dollars used to fund Cover Oregon. In particular, we would like GAO to consider the following questions:

1. Oregon received $304 million in federal grants for the creation of the Cover Oregon exchange website. How were these funds utilized?

2. If Oregon decides to abandon the Cover Oregon website and state-run exchange, what capability does the federal government have to reclaim the grant funds?

3. What additional costs have been incurred because of the failure of the Cover Oregon website to be utilized, including the cost of abandoning the site to use HealthCare.gov?

4. Did Cover Oregon's status as a state organization play a role in the failure of the site to function properly and what steps could the Department of Health and Human Services or other federal agencies take to ensure the proper state and federal oversight and monitoring of projects like this in the future?

With the March 31 deadline for open enrollment fast approaching, the state of Oregon will need to make a decision on the fate of Cover Oregon soon. The catastrophic breakdown of Cover Oregon is unacceptable, and taxpayers deserve accountability.

Thank you for your prompt attention to this important matter.

Sincerely,

Fred Upton
Chairman

Greg Walden
Chairman
Subcommittee on Communications & Technology

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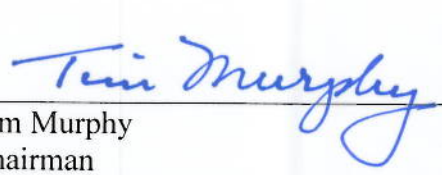
[6] Gosia Wozniacka, *How Ambitious Oregon Completely Botched Its Health Insurance Exchange*, Associated Press, December 21, 2013 http://www.businessinsider.com/how-ambitious-oregon-completely-botched-its-health-insurance-exchange-2013-12

[7] Steve Benham, *State Rep: Ditch Cover Oregon in Favor of Federal Exchange*, KATU, Jan. 10, 2014, http://www.katu.com/politics/local/State-rep-gubernatorial-candidate-Dennis-Richardson-wants-to-mothball-Cover-Oregon-239683471.html.



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Chairman
Subcommittee on Oversight & Investigations

Joe Pitts
Chairman
Subcommittee on Health

cc: The Honorable Henry Waxman, Ranking Member

The Honorable Anna Eshoo, Ranking Member
Subcommittee on Communications & Technology

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight & Investigations

The Honorable Frank Pallone, Jr., Ranking Member
Subcommittee on Health