

Obamacare: State Dems' Worst Nightmare **Troubles with liberal states' exchanges are dragging down their Democratic governors.**

By: Michael Tanner
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As the bad news about Obamacare's federal operations keeps on coming, it's worth keeping in mind that the law is a mess at the state level as well.

The big question will be whether the failures will hurt Democratic state politicians as much as Obamacare appears likely to drag down national Democrats. Most of the 17 states that chose to set up and operate their own Obamacare exchanges are deep-blue states, where Democratic governors and legislators see few serious challenges to their power. Yet, the level of corruption and incompetence — not to mention the cost to taxpayers — is so outrageous that, even in these Democratic bastions, it might give voters pause.

Among the most egregious examples:

Colorado

In Colorado, the original director of the state exchange, Christa Ann McClure, was placed on administrative leave after news leaked out that she had been indicted for stealing while serving as executive director of the federally funded Housing Montana. At that agency, she paid herself “significant sums” for consulting services even though she was already on the payroll as a full-time employee. The indictment also alleged that she “made payments to her family and used federal money for personal travel, to pay family bills and to buy consulting services.”

Meanwhile, Colorado's exchange struggled to meet minimum enrollment goals. Undeterred by mediocre performance and prior mismanagement, the exchange board voted to give new CEO Patty Fontneau a \$14,000 bonus last year along with a 2.5 percent cost-of-living raise, making her the third most highly paid manager of a state health exchange in the country, behind only California and Connecticut.

At the same time they're getting bonuses and raises, exchange officials are trying to figure out how to squeeze enough revenue from state taxpayers to finance the exchange when initial federal grants run dry. The Colorado exchange currently charges customers a 1.4 percent user fee, and it will likely have to be increased. Some officials want to charge everyone with health insurance in the state, not just exchange enrollees, to the tune of \$13 million in fees in both 2015 and 2016.

Incumbent governor John Hickenlooper has managed to dodge the fallout so far. But even a weak Republican — former congressman Tom Tancredo — is still within striking distance.

Hawaii

Despite a two-week delay in opening, the state's exchange operated so poorly that it managed to enroll just 9,217 individuals, after being awarded \$205 million for construction costs. That's roughly \$22,278 per enrollee, by far the highest in the nation. Things will get a little better: The state continues to try to process a backlog of nearly 11,000 people who were unable to sign up by the March 31 deadline. Unfortunately, they're being forced to rely on call centers to address the backlog because the computer system is still not functioning properly.

It may not be a coincidence that former Republican lieutenant governor James Aiona seems to be leading the incumbent governor Neil Abercrombie in [the polls](#).

Maryland

Few states made as big a mess of their exchange as the Old Line State. It spent roughly \$120 million to set up its own exchange and then managed to sign up fewer than 68,000 people for private plans — less than two-thirds of its goal. More than 80 percent of total exchange enrollment was in Medicaid.

Things got so bad that the state eventually junked its entire exchange infrastructure. It plans to rebuild an exchange based on Connecticut's more successful design, at an additional cost of about \$50 million. And now there are concerns that this new setup won't be ready on time. The Obama administration is thus threatening to withhold additional funds and suggest that Maryland move to the federal exchange.

Significantly, the man in charge of the Maryland exchange program was Lieutenant Governor Anthony Brown, who is now the front-runner for the Democratic gubernatorial nomination. Despite the state's overwhelming Democratic registration advantage, Maryland did have a Republican governor as recently as 2007 — expect Obamacare to be a big issue in the fall.

If any state could get its exchange right, one might think, it would be the home of Romneycare.

But despite spending more than \$134 million, when the law's exchanges debuted on October 1, the state was only able to deploy part of its website. As of mid March, Massachusetts had about 84,000 residents on temporary health-insurance plans while work continues on the website. The state still hasn't been able to transfer another 100,000 people on a state-subsidized health plan into federally approved plans. Now, the legislature is debating whether to try to adapt software used by Colorado and Kentucky or to scrap its exchange altogether and let the federal government step in.

Obamacare remains popular in heavily Democratic Massachusetts, but the Republican candidate for governor, former insurance executive Charlie Baker, is running a surprisingly competitive race, within seven points of Martha Coakley according to recent polls.

Minnesota

The state's exchange, MNSure, cost taxpayers more than \$141 million, but has been in crisis mode almost since the moment it began. State officials had expected MNSure to enroll up to 1.3 million people for insurance by 2016, but so far barely 117,000 people have signed up. The exchange is also facing a significant budget shortfall for next year that could force the state to raise taxes.

Governor Mark Dayton remains popular in the state, but it's worth noting that his lead over Republican challenger Jeff Johnson is down to just six points in recent polling.

Oregon

The state's \$248 million exchange was so broken from the beginning that it was forced to rely on manual processing for nearly all of their sign-ups. Partly as a result, just 68,000 people signed up for coverage. The state is now planning to switch to the federal exchange, at an additional cost of \$18 to \$53 million.

Incumbent governor John Kitzhaber has maintained a solid lead against his Republican opponent, Dennis Richardson, but Kitzhaber remains under 50 percent.

Not every state is this bad, of course. A few state exchanges, such as Kentucky, New York, and Connecticut have functioned relatively well. Then again, considering the nationwide wreckage just described, "relatively" is a pretty low bar.

It's way too early to get carried away — Democrats will probably still win most of these races discussed. We are talking blue states after all, and Democrats do still lead in every race except Hawaii's. But given the states in question, the Democratic candidates really should be up by 20 or more points, not scraping by with single-digit leads.

There are plenty of factors in play, but it's become increasingly apparent that for Republicans on the state and federal level, Obamacare is the gift that keeps on giving.

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