

United States Senate

WASHINGTON, DC 20510

April 7, 2014

VIA ELECTRONIC TRANSMISSION

The Honorable Kathleen Sebelius
Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius:

The open enrollment period for state and federal health care exchanges ended on March 31, 2014. However, many state-run exchanges are still experiencing severe technical problems that are preventing people from enrolling in health care plans. On March 26, 2014, the Department of Health and Human Services (HHS) announced that it has decided to extend the March 31st deadline indefinitely for people who are trying to enroll in the federal exchange but have experienced technological issues. HHS also gave state exchanges the option to offer a similar extension.¹ This decision does not address the larger problem that many of the state exchanges are still not operational almost half a year after their initial launch date.

The problems in the state exchanges have been obvious for months. On October 1, 2013, when the state and federal exchanges went live, there were severe technical glitches in both the state and the federal exchanges that made it impossible for people to enroll in a health care plan or even access the websites at all. While the federal exchange has resolved many of its issues, some states are still struggling to make their exchanges functional.²

Not only do technological problems delay the enrollment process for thousands of Americans seeking health care, but it represents a considerable cost to taxpayers. The federal government has spent billions of dollars in grants to help states build their exchanges. The state of Oregon received \$304 million in grants from HHS. Despite all of the money spent on Oregon's exchange, a person cannot even enroll in a plan online. Instead, individuals must wait for exchange workers to review their applications and send them information on available insurance plans by mail.³

¹ U.S. Department of Health and Human Services, "Guidance for Issuers on People 'In Line' for the Federally-facilitated Marketplace at the end of the Initial Open Enrollment Period," March 26, 2014.

² *ProPublica*, "Epic Fail: Where Four State Health Exchanges Went Wrong," February 6, 2014.

³ *The Register Guard*, "Cover Oregon Deadline Extended to April 30," March 26, 2014.

While HHS's decision to extend the open enrollment period allows states extra time to fix technical glitches, it is unlikely that all of the problems in the exchanges can be fixed easily or quickly. It also raises questions about the sustainability of the exchange model, and whether citizens will experience the same difficulties in October 2014 when the open enrollment period begins again. Even if the exchanges are fixed, it is unknown how much money has been poured into building—and fixing—these systems. Spending hundreds of millions of dollars on exchanges that are riddled with problems a full six months after launch is an irresponsible use of taxpayer money.

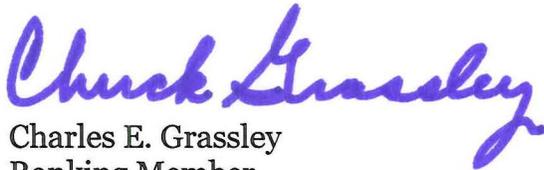
In order to learn more about HHS's involvement in the state exchanges, please provide answers to the following questions:

- 1) What is the amount of funds HHS has spent on state marketplaces? Please provide the amount and type of grants given to each state.
- 2) How much of the grants given to states were spent to build state exchange websites? Please list the amount for each state exchange.
- 3) How did HHS oversee federal funding of state exchanges? Did it conduct additional oversight on the use of funds in states that ultimately chose not to establish a state based exchange? If not, why not?
- 4) Were all of the funds HHS spent on state exchanges allocated through grants? If not, please provide all sources of funds and the amount of each.
- 5) Did HHS provide technical assistance in the building of any state exchanges? If so, please list which state or states HHS provided assistance to, and the extent of such assistance.
- 6) Did any states contact HHS expressing concerns about whether their exchanges would be operational by October 1, 2013? If so, please provide all related correspondence between HHS and states.
- 7) Did HHS conduct reviews of state exchanges before October 1, 2013? If so, please provide a copy of all reviews conducted and HHS's findings.
- 8) Is HHS working with the states to resolve problems with the exchanges? If so, please provide information on HHS's work in this area. If not, please explain why not.
- 9) Has HHS discussed any actions to take if states cannot resolve problems with the exchanges on their own? If so, please describe those actions. If not, please explain why not.

10) Has HHS conducted any evaluations on the impact on enrollment in state-based exchanges of delaying the open enrollment period? Please provide copies of all related evaluations.

Thank you for your cooperation and attention in this matter. We would appreciate a response by April 21, 2013. If you have any questions, please do not hesitate to contact Tegan Millspaw with Senator Grassley's Judiciary Committee staff at (202) 224-5225 and Katie Simeon with Senator Hatch at (202) 224-5251.

Sincerely,



Charles E. Grassley
Ranking Member
Committee on the Judiciary



Orrin G. Hatch
Ranking Member
Committee on Finance