

MORE MONEY, FEWER RESULTS

QUICK STATS

- ✘ **CONFERENCE:** Spending
- ✘ **TEAM:** Department of Health and Human Services
- **FUMBLE:** \$4 billion
- **RECOVERY:** No funds for failed state exchanges; repeal Obamacare

Under Obamacare states were given the option to set up their own health insurance exchanges to buy and sell insurance or to allow the federal government to operate an exchange within the state. Fourteen states and the District of Columbia established their own exchanges. The Obama Administration, eager to support their efforts, shelled out \$4 billion⁷⁸ from taxpayers for planning, establishment, and innovator exchange grants—more than the federal government spent on the nationwide federally facilitated marketplace.

Most taxpayers would reasonably expect that a higher investment would yield a higher return, but that was not the case. When the 14 states that established exchanges opened for business, seven were dysfunctional, disabled, or severely underperforming.⁷⁹ For example Oregon's exchange failed to enroll a single person through its online platform, despite spending \$304 million⁸⁰ in taxpayer dollars. Oregon eventually gave up and turned its exchange over to the federal government. Maryland's exchange failed almost as soon as it launched. Massachusetts, which already had a functioning state website for health insurance,

received \$184 million⁸¹ in federal funds for a boondoggle that flopped so spectacularly during its first open enrollment that its executive director “wept at a board meeting, where it was disclosed that 50,000 applications for health insurance are sitting in a pile, and have yet to be entered into a computer system.”⁸² Obamacare, “despite all the massive brainpower behind it, had some ‘glitches,’ in the same sense that the universe has some ‘atoms.’”⁸³

So where did all of the money go? GAO reports, “[T]he specific amount spent on marketplace-related projects was uncertain, as only a selected number of states reported to GAO that they tracked or estimated this information.”⁸⁴

RECOVERY

Unimpressed by this display of spending malfeasance and mismanagement, Congress declined to offer further funds for state exchanges. The entire system continues to drive up healthcare costs and healthcare complexities. It is time to stop wasting Americans' money on a failed policy.

For more information, please visit:

[Reason: Obamacare's Failed State Exchanges](#)

[Senate Republican Policy Committee: Obamacare's Embarrassing and Costly State Exchange Flops](#)

[CRS: Federal Funding for Health Insurance Exchanges](#)

[GAO: State Health Insurance Marketplaces: CMS Should Improve Oversight of State Information Technology Projects](#)