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### **Hatch Statement at Finance Committee Hearing on Obamacare at Six Years**

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing examining deficiencies with HealthCare.gov and the current state of the Patient Protection and Affordable Care Act (PPACA) and how it is impacting patients and taxpayers:

*Good morning. It is a pleasure to welcome everyone to today's hearing.*

*Today, we'll be talking with representatives from the Office of Inspector General for the Department of Health and Human Services (HHS-OIG) and from the Government Accountability Office (GAO) about their ongoing oversight work with respect to HealthCare.gov and enrollment in the federal health insurance marketplace. I want to thank both entities for their hard work on these issues and acknowledge the contributions both have made to help this committee perform more accurate and timely oversight.*

*Now, it is no secret that I have never been a fan of the so called Affordable Care Act. And, as we approach the sixth anniversary of this law and look closely into how it's working and being implemented, the evidence overwhelmingly shows that I – and the many others who opposed the law from the beginning – have been right all along.*

*The facts speak for themselves.*

*Since Obamacare was signed into law, HHS-OIG and GAO have cumulatively released at least six dozen reports detailing various operation and implementation issues demonstrating the numerous areas where the law is falling short. These reports are specific and focused on key operational failures like enrollment controls or system issues, some of which we'll hear more about today.*

*Let's keep in mind that GAO and HHS-OIG are not partisan entities. They are independent watchdogs, tasked with the responsibility of objectively and dispassionately assessing what is and what is not working in various federal programs, including those created*

*or amended by the Affordable Care Act. And, there is no better record showing how and why Obamacare is not working than the reports we've received from these offices.*

*Today, we are going to specifically discuss operations issues related to HealthCare.gov and enrollment problems at the federal insurance marketplace, otherwise known as the federal exchange.*

*Let's start with the HealthCare.gov launch.*

*As a result of numerous problems and shortcuts taken with the initial development and deployment of HealthCare.gov and its supporting systems, consumers encountered widespread performance issues when trying to create accounts and enroll in health plans. After numerous inquiries and reports, we now know what ultimately caused these performance issues.*

*For example, there was inadequate capacity planning. The Centers for Medicare & Medicaid Services (CMS) cut corners and did not plan for adequate capacity to maintain HealthCare.gov and its supporting systems.*

*There were also problems with the software that were entirely avoidable. CMS and its contractors identified errors in the software coding for the website, but did not adequately correct them prior to launch.*

*We saw a lack of functionality as CMS did not adequately prepare the necessary systems and functions of the website and its supporting systems prior to the initial launch.*

*CMS also failed to apply recognized best practices for system development, which contributed to the problems.*

*Admittedly, since the initial launch, CMS has taken steps to address these problems, including increasing capacity, requiring additional software quality reviews, and awarding a new contract to complete development and improve the functionality of key systems.*

*However, many of the problems have still not been entirely resolved and continue to cause frustration for consumers trying to obtain health insurance.*

*I wish we could boil down all of Obamacare's problems to the functions of a single website. Indeed, if this was just an IT problem, all of our jobs would be a lot easier. However, the problems with Obamacare – and the federal insurance marketplace in particular – go much deeper and many of them remain unaddressed.*

*We know, for example, that the enrollment controls for the federal marketplace have been inadequate.*

*During undercover testing by GAO, the federal marketplace approved insurance coverage with taxpayer-funded subsidies for eleven out of twelve fictitious phone or online applicants. In 2014, the GAO applicants – which, once again, were fake, made-up people – obtained a total of about \$30,000 in annual advance premium tax credits, plus eligibility for lower insurance costs at the time of service. These fictitious enrollees maintained subsidized coverage throughout the year, even though GAO sent either clearly fabricated documents or no documents at all to resolve application inconsistencies.*

*While the subsidies, including those granted to GAO's fictitious applicants, are paid to health-care insurers, they nevertheless represent a benefit to consumers and a cost to the government.*

*Now, GAO did find that CMS relies on a contractor charged with document processing to uncover and report possible instances of fraud. Yet, GAO also found that the agency does not require that the contractor has any fraud detection capabilities.*

*And, according to GAO, CMS has not performed a single comprehensive fraud risk assessment – a recommended best practice – of the Obamacare enrollment and eligibility process. Until such an assessment is completed, CMS is unlikely to know whether existing control activities are suitably designed and implemented to reduce inherent fraud risk to an acceptable level.*

*In other words, CMS isn't even sure if CMS's fraud prevention systems are designed correctly or if they're effective.*

*Lastly, while it is not the focus of the reports that will be covered by the testimony today, another matter we've been tracking closely, and where the GAO is issuing a report today, is CMS's oversight of the health care CO-OPs. We had a hearing on this topic in late January where we examined a number of financial and oversight related explanations for the abject failure of the CO-OP program.*

*Today's GAO report describes CMS's efforts to deal with financial or operations issues at the CO-OPs, including the use of an escalation plan for CO-OPs with serious problems that may require corrective actions or enhanced oversight.*

*As of November 2015, 18 CO-OPs had enough problems that they had to submit to a CMS escalation plan, including nine that have discontinued operations. And, just this week, we heard that yet another CO-OP, this time the one in Maine, is on the verge of financial insolvency, despite the fact that it had been on a CMS-mandated escalation plan.*

*In other words, CMS's efforts to address all the problems faced by CO-OPs appear to have failed, just like virtually every other element of this program.*

*The failure of CMS to adequately implement the CO-OP program is well documented here on the Finance Committee and elsewhere. As with so many other parts of Obamacare, the high-minded rhetoric surrounding this program has fallen short of reality.*

*With nearly half of the CO-OPs now closed, the failed experiment has wasted taxpayer dollars and forced patients and families to scramble for new insurance. With so many CO-OPs now in financial jeopardy, I believe that CMS should work with, not against states, to safeguard taxpayer dollars.*

*So, as always, we have a lot to discuss. And I look forward to hearing more from the officials we have testifying here today.*

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