

ISSUE BRIEF

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The Cost of Educating the Public on Obamacare

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Open enrollment in Obamacare’s insurance exchanges is slated to begin in October, and the Administration is using extraordinary—and questionable—efforts to raise awareness among the public and facilitate enrollment for fear not enough people will sign up for coverage.¹

Secretary of Health and Human Services (HHS) Kathleen Sebelius has recently admitted to contacting outside groups soliciting funding for assistance with public outreach.² This effort to lobby outside groups to fund outreach efforts raises ethical questions and sheds light on the true cost of operating the health care law.

Navigators, Assisters, and Consumer Assistance Programs. Obamacare makes available navigator grants for qualifying organizations for the purpose of educating and facilitating individuals’ enrollment into the exchanges.

Organizations that act as navigators must

- Raise awareness about the availability of qualified health plans,
- Distribute fair and impartial information concerning enrollment and eligibility for subsidies,

- Facilitate enrollment,
- Provide referrals to enrollees with grievances or questions, and
- Provide information in a manner that is linguistically appropriate.

To be eligible to receive a navigator grant, an entity must demonstrate existing relationships, or that it could readily establish relationships, with employers and employees, consumers (including uninsured and underinsured consumers), or self-employed individuals likely to be qualified to enroll in a qualified health plan.

Proposed federal regulations direct the exchange to select at least two different types of entities as navigators, one of which must be a community and consumer-focused nonprofit group. One such organization is Planned Parenthood, which plans to play a large role in consumer assistance programs for Obamacare and has applied for navigator grants.³

The navigator grants are funded through the operational budgets of exchanges. States that are setting up their own exchanges are also using funding from federal exchange establishment grants to operate non-navigator assistance programs. These “assisters,” as they are known, will perform the same general functions as navigators.

A proposed federal rule estimates compensation for these groups at \$20 per hour for personnel, \$29 per hour for project leads, and \$48 per hour for senior executives.⁴

HHS has announced that it will also distribute \$150 million in federal grants to community health

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centers in each state to further consumer assistance efforts. The stated purpose is to “support health centers in raising awareness of insurance options and providing eligibility and enrollment assistance to uninsured patients of health centers and residents in their approved service areas.”⁵

Wide Disparity in Funding Between Navigators and Assisters. The biggest practical difference between navigators and assisters is their source and amount of funding. HHS has announced it will spend just \$54 million out of its operational budget on navigators to be dispersed among the 34 states that are relying on the federal government to set up their exchanges.⁶ Under this scenario, Texas will receive about \$8 million to fund navigators to reach its nearly 5 million uninsured residents (less than \$2 for every uninsured individual), and Florida will receive roughly \$5.85 million to reach its 3.5 million uninsured.

Advocates of the law worry about the low level of federal outreach funding. As Stan Dorn, senior fellow at the Urban Institute, put it, this level of funding is “a drop in the bucket.... It’s not enough to enroll tens of millions of uninsured into coverage.”⁷

In contrast, states that are running their own exchanges and using assisters for consumer outreach

report much higher spending, largely attributable to their ability to use exchange establishment grants. For example, the state-based Maryland exchange plans to spend \$24 million on its 750,000 uninsured.⁸ Another state-based exchange, Colorado, has just announced an exchange public awareness campaign with TV and radio ads that will cost \$2 million over two months. In total, the Colorado exchange plans to spend at least \$10.5 million to provide consumer assistance to fewer than 1 million uninsured residents in the first year of exchange operations.⁹ The California state-based exchange anticipates that it will need 25,000 assisters in 2014 for a total cost of an estimated \$57.9 million.¹⁰

The House Oversight and Government Reform Committee speculates that HHS’s use of establishment grants to fund *assisters* is an attempt to circumvent Obamacare’s prohibition on such grants being used for *navigators*. Even HHS officials have admitted there is virtually no difference between the two programs. In a letter to the Secretary, the Committee writes:

[As HHS officials] agree that the functions of the Navigators and Assisters programs are

1. FoxNews, “Fundraising Push from Sebelius Draws Scrutiny from Key GOP Senator,” May 11, 2013, <http://www.foxnews.com/politics/2013/05/11/fundraising-from-hhs-secretary-draws-scrutiny/#ixzz2Vup6HJAL> (accessed June 28, 2013); and Jason Milliman and Joanne Kenen, “5 Messaging Challenges for Obamacare,” *Politico*, June 30, 2013, <http://www.politico.com/story/2013/06/obamacare-challenges-93595.html> (accessed July 1, 2013).
2. David Morgan, “Analysis: Some Republicans See New Scandal in Sebelius Fundraising,” Reuters, May 21, 2013, <http://www.reuters.com/article/2013/05/21/us-usa-healthcare-scandals-analysis-idUSBRE94K08420130521> (accessed June 28, 2013).
3. Kathryn Smith, “Planned Parenthood Promoting Obamacare,” *Politico*, June 19, 2013, <http://www.politico.com/story/2013/06/planned-parenthood-promoting-obamacare-93078.html> (accessed July 1, 2013).
4. *Federal Register*, Vol. 78, No. 66 (April 5, 2013), pp. 20581-20597, “Patient Protection and Affordable Care Act; Exchange Functions: Standards for Navigators and Non-navigator Assistance Personnel,” <http://www.gpo.gov/fdsys/pkg/FR-2013-04-05/pdf/2013-07951.pdf> (accessed July 1, 2013).
5. U.S. Department of Health and Human Services, Health Resources and Services Administration, “Health Center Outreach and Enrollment Assistance Fiscal Year 2013,” May 9, 2013, <http://bphc.hrsa.gov/outreachandenrollment/hrsa-13-279.pdf> (accessed June 28, 2013).
6. U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, “Cooperative Agreement to Support Navigators in Federally-Facilitated and State Partnership Exchanges,” April 9, 2013, <http://apply07.grants.gov/apply/opportunities/instructions/oppCA-NAV-13-001-cfda93.750-cidCA-NAV-13-001-017645-instructions.pdf> (accessed June 28, 2013).
7. Phil Galewitz and Jenny Gold, “Funding to Enroll Uninsured in New Markets Called ‘Drop in Bucket,’” Kaiser Health News, April 9, 2013, <http://www.kaiserhealthnews.org/Stories/2013/April/09/54-million-dollar-grants-for-exchange-enrollment-efforts.aspx> (accessed June 28, 2013).
8. News release, “Lt. Governor Anthony Brown Announces Launch of Health Insurance Consumer Assistance Program to Ready Residents and Small Employers for Open Enrollment Through Maryland Health Connection,” Maryland Health Connection, April 25, 2013, http://marylandhbe.com/wp-content/uploads/2013/04/Connector-entities-release_FINAL-1.pdf (accessed June 28, 2013).
9. Phil Galewitz, “Colorado Launches \$2M Ad Campaign for New Online Marketplace,” Kaiser Health News, May 8, 2013, <http://capsules.kaiserhealthnews.org/index.php/2013/05/colorado-launches-2m-ad-campaign-for-new-online-marketplace/> (accessed June 28, 2013).
10. Richard Heath and Associates, Inc., “Phase I and II Statewide Assisters Program Design Options, Recommendations and Final Work Plan for the California Health Benefits Marketplace,” June 26, 2012, pp. 7 and 48, http://www.healthexchange.ca.gov/Stakeholders/Documents/CHBE,DHCS,MRMIB_StatewideAssistersProgramDesignOptionsRecommendationsandWorkPlan_6-26-12.pdf (accessed June 28, 2013).

“essentially the same,” it seems that ... your Department intentionally circumvented an explicit federal funding ban in the interest of convenience and political expediency.¹¹

Sebelius’s Questionable New Efforts on Outreach. The dramatic difference in consumer assistance spending between state-based and federally facilitated exchanges may explain the efforts of Secretary Sebelius to extract outside funding for outreach. She has solicited funds from private corporations to further publicize the law and finance consumer outreach and enrollment activities via the nonprofit group Enroll America.¹²

Robert Pear of *The New York Times* reports that Sebelius “has solicited sizable donations from the Robert Wood Johnson Foundation and H&R Block, the tax preparation service, as part of a multimillion-dollar campaign to ensure the success of President Obama’s health care law.... The foundation is expected to contribute as much as \$10 million, while H&R Block is expected to make a smaller donation of about \$500,000.”¹³

The House Energy and Commerce Committee¹⁴ and Senate Committee on Finance have both launched investigations into Sebelius’s questionable

fundraising attempts. A letter to Sebelius by 11 Senators states, “Our initial reaction is that this appears at best to be an inherent conflict of interest and at worst a potentially illegal augmentation of appropriation.”¹⁵

Public Support Still Low. The fear of lackluster enrollment, which would significantly hinder Obamacare’s ability to succeed, is well founded. Recent polls continue to show lagging support for the health care law. An April 2013 Kaiser Family Foundation poll found that “about half the public says they do not have enough information about the health reform law to understand how it will impact their own family, a share that rises among the uninsured and low-income households.”¹⁶ Recently, another poll found that 64 percent of the uninsured are uncertain whether they will purchase insurance coverage once Obamacare takes full effect next year.¹⁷

It is these fears that appear to be fueling the Administration’s desperate and questionable consumer assistance funding and fundraising efforts.

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11. Committee on Oversight and Government Reform, U.S. House of Representatives, letter to Secretary Kathleen Sebelius, June 12, 2013, <http://oversight.house.gov/wp-content/uploads/2013/06/2013-06-12-DEI-Lankford-Jordan-to-Sebelius-HHS-navigator-Hearing-5-21-transcribed-interviews.pdf> (accessed June 28, 2013).
 12. Enroll America is an outreach campaign dedicated to “creating a seamless consumer-friendly enrollment process, and by making a coordinated, concerted, and wide-reaching effort to ensure that Americans know how and where to sign up for coverage” under Obamacare. Enroll America, “About Us: Mission Statement,” <http://www.enrollamerica.org/about-us> (accessed June 28, 2013).
 13. Robert Pear, “Cabinet Secretary Solicits Large Donations to Publicize Health Care Law,” *The New York Times*, May 12, 2013, http://www.nytimes.com/2013/05/13/us/politics/health-secretary-raises-funds-for-health-care-law.html?_r=2& (accessed June 28, 2013).
 14. Committee on Energy and Commerce, U.S. House of Representatives, letter to Secretary Sebelius, May 13, 2013, <http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/letters/20130513HHS.pdf> (accessed June 28, 2013).
 15. News release, “Finance Republicans Demand Answers on HHS Decision to Solicit Donations,” May 14, 2013, <http://www.finance.senate.gov/newsroom/ranking/release/?id=d904985d-1c24-4330-9062-cc450d98da19> (accessed June 28, 2013).
 16. Kaiser Family Foundation, “Kaiser Health Tracking Poll: April 2013,” April 30, 2013, <http://kff.org/health-reform/poll-finding/kaiser-health-tracking-poll-april-2013/> (accessed June 28, 2013).
 17. Allie Johnson, “The Future of Health Insurance for Uninsured Americans (Survey),” InsuranceQuotes, <http://www.insurancequotes.com/health-insurance-for-uninsured/#.Ubc4IOfD7fh> (accessed June 28, 2013).
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