

KITZHABER'S SECRET WEAPON

NEWLY OBTAINED EMAILS SHOW EX-GOV. JOHN KITZHABER PUT HIS TOP POLITICAL CONSULTANT IN CHARGE OF COVER OREGON.

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A year ago, it looked as if then-Gov John Kitzhaber's biggest headache was Cover Oregon, the \$305 million health care website that was pitched as a national model but became a national laughingstock.

Kitzhaber, a Democrat facing re-election, had built a reputation as a health care reformer. But his failure to make Cover Oregon work threatened his legacy.

In public, Kitzhaber assured Oregonians he was working diligently with state officials to find a solution for the website's woeful performance.

In private, however, Kitzhaber handed oversight of the Cover Oregon mess to a secretive campaign consultant who liked to call herself the Princess of Darkness.

By her own admission, Patricia McCaig knew virtually nothing about health care reform or the reasons Cover Oregon had crashed. Her primary mission was not to save a beleaguered state program but to get Kitzhaber re-elected.

Emails that Kitzhaber's office tried to delete from state computers show McCaig was effectively in charge of all decision making for Cover Oregon beginning in February 2014.

Records show McCaig oversaw the decision to shut down Cover Oregon rather than work with the state's contractor, Oracle Corp., to fix it. McCaig—rather than the governor or state lawyers—drove the decision to sue Oracle. And McCaig routinely directed senior government employees and staff in the governor's office.

The records also show McCaig and other advisers based many of their moves on polling and how voters' perceptions of Cover Oregon might affect Kitzhaber's

hopes for re-election.

Kitzhaber didn't respond to questions for this story.

McCaig declined to be interviewed, but in an emailed statement to *WW*, she said Kitzhaber turned to her because of her experience as a governor's chief of staff and an elected official. (She worked for former Gov. Barbara Roberts and served on the Metro Council for one term in the 1990s.)

She says she did nothing wrong.

"The governor was forced to respond to the 'debacle' of Oracle's failure to deliver a working website for Cover Oregon by using the best tools and people at his disposal," she says. "Oracle's contention that politics drove the failure of Cover Oregon could not be further from the truth."

But observers say Kitzhaber placing the state's response to Cover Oregon in the hands of his chief political adviser is problematic.

"If they made decisions based on Kitzhaber's personal political interests rather than what was best for taxpayers, that's not right," says David Friedman, an associate professor at the Willamette University College of Law. "It just looks bad."

WW first reported in November that Kitzhaber relied on campaign consultants to help direct his response to Cover Oregon ("Blurred Lines," *WW*, Nov. 12, 2014). The newly obtained emails provide a far more detailed account of that effort.

State ethics and elections laws require a separation between political activity and official decisions. Congress, which paid for the Cover Oregon project, now wants to know where taxpayer dollars went and whether Kitzhaber put his re-election interests ahead of the public interest.

The emails between Kitzhaber and McCaig about Cover Oregon are among those Kitzhaber sought to have removed from state servers Feb. 5, claiming they contained personal communications. But Kitzhaber's personal email accounts also relate to public business and are subject to disclosure under Oregon's public records law. Federal investi-



GOVERNMENT TAKEOVER: "I do not think the governor's office has the staff capacity on the Cover Oregon piece," Kitzhaber re-election campaign adviser Patricia McCaig wrote the governor on Feb. 8, 2014. She then proposed taking control of the Cover Oregon problem herself.

gators have requested the emails as part of a criminal subpoena.

On Feb. 13, investigators for the U.S. House Committee on Oversight and Government Reform wrote to Kitzhaber demanding all documents relating to his campaign staff's involvement with Cover Oregon, adding that decisions "may have been based on politics, not policy and campaign advisors working on your re-election campaign may have coordinated the state's response to the Cover Oregon roll-out."

Kitzhaber resigned Feb. 18 amid state and federal criminal investigations into allegations of influence peddling involving himself and former first lady Sylvia Hayes. The intensified congressional scrutiny could only add to his legal woes.

McCaig has played a unique role in Kitzhaber's career.

She ran his successful 2010 election campaign. Soon after he took office, Kitzhaber made her his top adviser on the Columbia River Crossing, the proposed \$3 billion highway project connecting Portland and Vancouver, Wash. McCaig then worked for the CRC's top contractor, David Evans & Associates ("The Woman Behind the Bridge," *WW*, Feb. 27, 2013). McCaig eventually collected \$553,000 for her work on the CRC, which was never built.

Cover Oregon was another big Kitzhaber

initiative. The website was supposed to allow Oregonians to purchase health insurance online.

But the project missed its "go-live" deadline Oct. 1, 2013 and never worked properly. By early 2014, Kitzhaber was taking a political beating over the failure from *The Oregonian*, which reported in detail his failure to oversee the project.

In early February 2014, McCaig emailed Kitzhaber, offering to take over damage control for Cover Oregon.

"I'd also like to request any publicly available information on the independent review—it's charge timeline, etc.," McCaig wrote to Kitzhaber Feb. 6, 2014. "Let me know if you'd rather I let it all alone."

"No not at all," Kitzhaber responded that same day. "I like it when you don't leave things alone (like my last campaign for example)."

McCaig told Kitzhaber his current approach was failing. She proposed that his chief of staff, Mike Bonetto, blend his official duties with a campaign-led effort on Cover Oregon.

"We need more accountability and follow-thru from the campaign and some specific, intensive management of the Cover Oregon issues. I do not think the governor's office has the staff capacity on

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