BUSINESS PROBLEM-SOLVING CASE

A Shaky Start for Healthcare.gov

The Patient Protection and Affordable Care Act, often called Obamacare, is considered the centerpiece of President Barack Obama’s legacy. Essential to Obama’s health care reform plan is Healthcare .gov, a health insurance exchange website that facilitates the sale of private health insurance plans to U.S. residents, assists people eligible to sign up for Medicaid, and has a separate marketplace for small businesses. The site allows users to compare prices on health insurance plans in their states, to enroll in a plan they choose, and to find out whether they qualify for government health care subsidies. Users must sign up and create their own specific account first, providing some personal information, to receive detailed information about available health care plans in their area. Healthcare.gov was launched on October 1, 2013, as promised, but visitors quickly encountered numerous technical problems. Software that assigned digital identities to enrollees and ensured that they saw only their own personal data was overwhelmed. Customers encountered cryptic error messages and could not log on to create accounts. Many users received quotes that were incorrect because the feature used prices based on just two age groups. It was estimated that only 1 percent of interested consumers were able to enroll through the site for the first week of operations, and many applications sent to insurers contained erroneous information. Thousands of enrollees for HealthCare.gov—at least one in five at the height of the problems—received inaccurate assignments to Medicaid or to private health plans. Some people were wrongly denied coverage. Insurers received enrollment files from the federal exchange that were incomplete or inaccurate, as many as one in ten. The information includes who is enrolling and what subsidies they may receive. Some insurers reported being deluged with phone calls from people who believed they had signed up for a particular health plan, only to find that the company had no record of the enrollment. Enrollment problems with insurers persisted into November. U.S. chief technology officer Todd Park stated on October 6 that Healthcare.gov’s glitches were caused by an unexpectedly high volume of users. Between 50,000 and 60,000 had been expected, but the site had to handle 250,000 simultaneous users. More than 8.1 million people visited Healthcare.gov between October 1, 2013, and October 4, 2013. White House officials later admitted that Healthcare.gov’s problems were not just caused by high traffic volume but also by software and system design issues. Stress tests performed by contractors a day before the launch date revealed that the site slowed substantially with only 1100 simultaneous users, far fewer than the 50,000 to 60,000 that were anticipated. Technical experts found out that the site was riddled with hardware and software defects, amounting to more than 600 items that needed to be fixed. A major contributor to these problems was the part of the system’s design that required users to create individual accounts before shopping for health insurance. This meant that before users could shop for coverage, they must input personal data that would be exchanged among separate computer systems built or run by multiple vendors, including CGI Group, developer of Healthcare.gov, Quality Software Services, and credit-checker Experian PLC. If any part of this web of systems failed to work properly, users would be blocked from entering the exchange marketplace. A bottleneck had been created where these systems interacted with a software component called Oracle Identity Manager supplied by Oracle Corporation that was embedded in the government’s identity-checking system. This problem might have been averted if the system allowed users to browse plans without first going through the complex registration process. Problems, including pull-down menus that only worked intermittently and excruciatingly long wait times, persisted into the third week of operations. For some weeks in October, the site was down 60 percent of the time. What happened to Healthcare.gov is another example of IT project management gone awry, which often happens with large technology projects, especially those for the U.S. federal government. There was no single leader overseeing the Healthcare.gov implementation. The U.S. Centers for Medicare and Medicaid Services (CMS) coordinated the development effort. However, CMS had a siloed management structure, and no single unit was designated to take charge of the entire project. CMS parceled out the work for building and implementing the Healthcare.gov system to a number of outside contractors. The front end of the website (including the user interface) was developed by the start-up Development Seed. The back end (where all the heavy-duty processing of enrollment data and transactions with insurers takes place) was contracted to CGI Federal, a subsidiary of the Canadian multinational CGI Group, which received $231 million for the project. CGI then subcontracted much of its work to other companies. This is common in large government projects. Functions relating to digital identity authentication were contracted to Experian, the global information services company noted for its credit-checking expertise. CMS set deadlines for the contractors, who were expected to attend meetings to hammer out the details of the specifications for the website, but the computer specialists skipped some of those sessions. Contractors for different parts of the system barely communicated with each other. Some IT experts also criticized CMS’s decision to use database software from a company called Mark Logic, which handles data management differently from more mainstream database management systems of companies such as IBM and Oracle. Work proceeded more slowly because so few people were familiar with Mark Logic, and Mark Logic continued to perform below expectations after the Healthcare. gov website was launched. The website had not been thoroughly tested before it went live, so a number of software and hardware defects had not been detected. Testing of the system by insurers had been scheduled for July but didn’t begin until the third week in September. CMS was responsible for user-testing the system during the final weeks. Technology experts also faulted Healthcare.gov’s developers for trying to go live with all parts of a large and very complex system all at once. It would have been better to roll out system functions gradually. CGI believed that a full-function Healthcare .gov with all the anticipated bells and whistles was an unrealistic target. Given the time required to complete and test the software, it was impossible to launch a full-function exchange by October 1, but government officials insisted that October 1 was not negotiable and had become impatient with CGI’s pattern of excuses for missed deadlines. The Obama administration kept on modifying regulations and policies until summer 2013, which meant that contractors had to deal with changing requirements. The Healthcare.gov enrollment system is very complex. It connects to other federal computer networks, including the Social Security Administration (SSA), Internal Revenue Service (IRS), Veterans Affairs (VA), Office of Personnel Management, and the Peace Corps. It has to verify a considerable amount of personal information, including income and immigration status. Vital components were never secured. There was insufficient access to a data center to prevent the website from crashing. No backup system for a website crash was created. The interaction between the data center where the information is stored and the system was so poorly configured that it had to be redesigned. CMS had several warnings between March and July that the project was going off-track but didn’t seek deep White House involvement or change the leadership structure, according to officials, congressional aides, and emails from the period. An administration report noted that inadequate management oversight and coordination among technical teams prevented real-time decision making and efficient responses to address the issues with the site. The consulting firm McKinsey & Co. detailed the project’s potential risks in a presentation between March 28 and April 8 to the top CMS official, Marilyn Tavenner, to Health and Human Services Secretary Kathleen Sebelius, and to White House Chief Technology Officer Todd Park. McKinsey’s report anticipated many of the site’s pitfalls and urged the administration to name a single project leader to streamline decision-making. It also emphasized the importance of White House support for CMS to meet the October 1 launch date. Nevertheless, according to documents from the period and officials, the White House’s minimal involvement in the project’s details didn’t change after the McKinsey report. The White House assembled experts from government and industry who worked frantically to fix the system. The Obama administration appointed contractor Quality Software Services Inc. (QSSI) to coordinate the work involved in fixing the website. QSSI had worked earlier on the website’s back-end. In January 2014, Accenture replaced CGI Group as the website’s lead contractor. Work on fixing the website continued through October and November 2013, and the website appeared to be working more smoothly. For the vast majority of users, Healthcare.gov was working more than 90 percent of the time. Response time (the time required for a web page to load) was reduced from eight seconds to less than one. The incidence of error messages preventing people from using the site went from 6 percent down to .75 percent, but by November 30, only 137,000 people had signed up for private health insurance, far fewer than the government had forecast. Healthcare.gov’s problems also forced the Obama administration to delay by one year an online exchange for small business. Reuters reported in mid-October 2013 that the total cost of building Healthcare.gov using contractors had tripled from an initial estimate of $93.7 million to about $292 million. Overall cost for building the website reached $500 million by October 2013. As of February 2014, the government had committed to paying $800 million for contracts for the site, and the full amount spent to date is still unknown. By early 2014, Healthcare.gov was working much better but was not problem-free. Then HealthCare .gov went down shortly after midnight March 30, 2014, and remained unusable until a day later. Some of the hundreds of thousands of Americans trying to sign up for health care at the last minute of the enrollment period were unable to do so. Nevertheless, 8 million people signed up for health care that year. Kathleen Sebelius resigned as Secretary for Health and Human Services on April 10, 2014, replaced by Sylvia Mathews Burwell on June 9 of that year. On July 30, 2014, the U.S. Government Accountability Office (GAO) released a nonpartisan study finding that the Healthcare.gov website was developed without effective planning or oversight practices. These findings were supported by another report issued by the Inspector General of the Department of Health and Human Services in January 2015. The Inspector General’s investigation found that the federal government failed to probe fully the past performance of CGI before awarding its contract and had neglected to put a cap on contractor billings. After a bumpy debut, HealthCare.gov appeared in 2015 to be running smoothly. There have been a few minor, short-lived technical glitches. The Obama administration was able to boast that enrollment of 11 million people in health care plans for 2015 surpassed the president’s goals.

Case Study Questions

1. Why was the Healthcare.gov project so important?

2. Evaluate the key risk factors in this project.

3. Classify and describe the problems this project encountered. What people, organization, and technology factors were responsible for these problems?

4. What were the economic, political, and social impacts of Healthcare.gov’s botched implementation?

5. Describe the steps that should have been taken to prevent a negative outcome in this project.