



eHEALTH INITIATIVE

Real Solutions. Better Health.

House Committee on Energy & Commerce Hearing: “PPACA Implementation Failures: Answers from HHS.”

On Wednesday, October 30th, the House Energy and Commerce Committee conducted a hearing to investigate the technical failures of the Patient Protection and Affordable Care Act (PPACA or ACA) health insurance marketplace website. The sole witness for the meeting included:

- [Kathleen Sebelius](#), Secretary of U.S. Department of Health and Human Services (HHS).

The hearing began with opening statements from Committee Chairman Fred Upton (R-MI), available [here](#), and from Vice Chairman Marsha Blackburn (R-TN), available [here](#).

Background

Since the start of open enrollment on October 1st, there have been significant functional problems with the health care website. From a previous hearing on October 24th (summary available [here](#)), members of the committee learned from the four government contractors that an end-to-end testing of the fully integrated system was performed in the last weeks of September. There have been reports suggesting that system errors were due to poor software designs and lack of server capacities. The website complaints range from receiving confusing error messages to having trouble creating an account and logging in to the website. There have been several front-end issues with the health exchange website. Since the launch of the website, there have been approximately 700,000 applications submitted to the Federal and state marketplaces. However, there are no exact enrollment numbers available.

Witness

Kathleen Sebelius, secretary of U.S. Department of Health and Human Services (HHS), testified before the committee to assure the American people that HHS is committed to improving the experience for consumers using HealthCare.gov. Secretary Sebelius acknowledged the frustration people are experiencing and offered an apology for the site’s troubled launch. In efforts to reduce future problems, there have been number of improvements to alleviate technical issues. She explained that the website has been updated several times with new codes and bug fixes to help users navigate through the website. They are continuing to add more capacity in order to meet the high demand of applicants and execute software upgrades in order to stabilize certain parts of the system. In order to improve consumer experience, they have added additional help to address complex technical problems from both inside and outside of the government. Specifically, Jeff Zients, a former CEO and Chairman of two publicly traded companies, will be joining HHS to provide assessments and recommendations for this project. Also, additional experts

and specialists from inside and outside of the government will work as a cross-functional team to help address and fix necessary problems. Secretary Sebelius also reassured the American people that consumers can access their federal benefits as long as they are enrolled before December 1st. Also, approximately 85% of Americans currently enrolled under a health care plan are protected and allowed to keep their own plans.

Questions and Discussion from the Committee Members

Chairman Fred Upton (R-MI) expressed his concerns for the end of “grandfathered plans.” The PPACA imposed a number of requirements on group health plans. In consequence, many insured Americans will lose or may be denied of renewing their current health plans. Mr. Upton asked if the president was informed of this regulation change. Secretary Sebelius responded there were no changes made in the regulation. If a health care plan was in place before March 1st 2010, marking the passage of the PPACA, those individual health plans are protected under the “grandfathered plans.”

Congressman Henry Waxman (D-CA) explained that many PPACA opponents are falsely accusing the ACA of leading to high healthcare costs. The Congressman states that he has seen lowered health care costs since the PPACA. This also provided health care security to individuals with pre-existing conditions. Secretary Sebelius agreed that under the PPACA, individuals are protected from being discriminated with pre-existing conditions. Also, providing continuous coverage is part of the health care law. Previously, the individual market across the board did not have a consumer protection.

Congresswoman Marsha Blackburn (R-TN) asked if individuals were allowed to keep their current health care plans. The Congresswoman expressed her concerns that NBC news had reported millions will lose their health care plans under the PPACA. Also, the congresswoman asked if outsourcing the integration system was ever an option. Secretary Sebelius responded that individuals with their current health care plans are protected under the “grandfathered plan.” Also, health insurance companies change their plans yearly and will have to offer new plans to the individuals. The HHS owns the website and QSSI is now in charge of integrating the system whereas, it was previously overseen by CMS.

Congressman John Dingell (D-MI) asked if Secretary Sebelius could confirm that insurance companies will have to modify their health care plans that are no longer available under the “grandfathered” plan. Also, the congressman asked if it was true that an average of 35-60% in the individual market leave their current plans after one year for various different reasons. Congressman Dingell further asked if there were any alternative plans provided for individuals if they do not fall under the “grandfathered plan.” Secretary Sebelius agreed that insurance companies will have to change and offer other healthcare plans that are not eligible under the “grandfathered plan.” Also, approximately 50% of individuals leave their current plans in a year. Individuals will now have choices and are able to compare health care plans inside and outside of the federal marketplace.

Congresswoman Anna Eshoo (D-CA) asked if HHS was confident that they will soon have a fully functioning website. She also asked if there were any penalties directed to CGI Federal, since they are one of the main contractors for this project. In addition, the congresswoman expressed her concerns about the security of the website with a user’s personal information. The website asks for the consumer to input a limited amount of health information online, however, the Congresswoman explains that the website requires

sensitive financial information about the individual. Secretary Sebelius explained that she is confident that the website will be fully operable by the end of November. In regards to the contractors, HHS will not pay them if the work is not properly executed. Secretary Sebelius also explained that QSSI has taken a new role in integrating the system. Sebelius reassured the congresswoman that data service hub is not a data collector and does not store any personal information.

Congressman John Shimkus (R-IL) was interested to know who determined the healthcare prices for certain age groups. Congressman Shimkus stated if an individual is under 50 years old, that individual will receive a price quote for a 20-something years old. Secretary Sebelius explained it was a group decision and will provide specific information later.

Chairman of Health Committee Joe Pitts (R-PA) expressed several concerns related to the federal exchange website. CGI Federal had designed the website for individual users to browse various health care plans before having to create an account on HealthCare.gov. Congressman Pitts asked why CGI was instructed to turn this particular browsing feature off. Also, the Congressman asked if HHS regularly met for a progress report and if HHS had responded to any recommendations made by private companies. Secretary Sebelius explained that it was a group decision that certain browsing features were turned off. Specifically, Marilyn Tavenner made the decision. They pared down features such as shop and browse, Spanish-language version of the website, and Medicaid transfer features in order to allow the system to run more smoothly. Secretary Sebelius explained that they met regularly leading up to the launch date of October 1st. CGI Federal had identified in mid-August that there were some problems with the system. Secretary Sebelius stated she was not aware of any recommendations of delaying the launch and was not present at that particular meeting.

Congressman Jerry McNerny (D-CA) asked how HHS plans to attract individuals back to the website who may have been deterred from their previous negative experience. Also, the Congressman asked if HHS was prioritizing their time in fixing the website. Secretary Sebelius responded that they plan to invite those individuals back. Once the website becomes fully functioning, they know that targeting younger adults to enroll in the exchanges will be important. In regards to fixing the problems, they are focusing on improving the speed and reliance of the system. Last week, HHS brought on additional teams inside and outside of the government in order to help improve and to fix the functional problems. The PPACA has been successful in reducing overall health care cost and debt. Identifying financial problems earlier on will help reduce health care costs in the future.

The witness testimony and a recorded video of the full hearing can be found here. Kathleen Sebelius will testify before the Senate Committee on Finance for a hearing titled, "[Health Insurance Exchanges: An Update from the Administration](#)" scheduled for November 6, 2013. at 10am EST.