



Senate Finance Committee Hearing: “Health Insurance Exchanges: An Update from the Administration”

On Wednesday, November 6, 2013, the Senate Finance 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 Max Baucus (D-MT), available [here](#), and from Ranking Member Orrin Hatch (R-UT), available [here](#).

Background

This hearing marks the second testimony from Secretary Sebelius since the start of the new insurance exchange open enrollment on October 1st. On October 30th Secretary Sebelius testified before the House Committee on Energy & Commerce ([summary](#)). The House Committee on Energy & Commerce also heard from the government contractors in charge of the HealthCare.gov website on October 24th ([summary](#)) and the House Ways and Means Committee heard from the Centers for Medicare and Medicaid Services (CMS) Administrator Marilyn Tavenner on October 29th ([summary](#)). Ms. Tavenner also testified before the Senate Health, Education, Labor, and Pensions Committee on the ACA enrollment challenges on November 5th ([summary](#)). The hearings focused on the technical issues of the HealthCare.gov website and the privacy and security concerns for the Americans entering their health data into the website.

Opening Statements

Senator Max Baucus (D-MT) expressed his thoughts on the rocky rollout of the health insurance marketplace. He described the website HealthCare.gov as the main vehicle for millions of Americans access to sign up for coverage. “The website issues spanning the last five weeks is unacceptable and disappointing,” the Senator said. He noted that the committee heard multiple times that everything was on track and now that is not the case. The Senator asked Secretary Sebelius to focus on the future. The November deadline must be met without room for error. For the duration of the hearing, Senator Baucus asks Secretary Sebelius to shed light on where things stand, explain what the Administration is doing to correct these problems, and if there is a role for congress to help. “That’s what matters now,” said Senator Baucus.

Senator Orrin Hatch (R-UT) expressed his frustration with the Affordable Care Act rollout. “The implementation of the so-called Affordable Care Act has been an absolute debacle,” the Senator said. He narrowed his attention to the lack of honesty from the Administration. When Secretary Sebelius testified to the Committee in April, she assured the Senators that the implementation was on track and ready to go live on October 1st. Senator Hatch

explained how he sent numerous letters asking for details on the rollout only to be ignored. He listed the broken promises delivered by the Administration of lower monthly premiums and that those who wish to stay their plan can do so. He asks Secretary Sebelius to provide regular updates, once a month, to the committee. During this hearing, he wants answers to these issues and the security from identity thieves for those who were able to sign up through Healthcare.gov.

Witness

Kathleen Sebelius, Secretary of HHS, explained to the committee the progress of the issues resolved with the insurance marketplace website Healthcare.gov. With the newly appointed team leader Jeff Zients, former CEO and Chairman of two publicly traded companies, Sebelius' team has been able to reconfigure the Healthcare.gov website to improve site performance and responsiveness and add software developments to increase the efficiency of the website. The website now allows users to successfully create an account and continue through the full application and enrollment process. "We are now able to process nearly 17,000 registrants per hour, or 5 per second, with almost no errors," said Sebelius. She stated that the Healthcare.gov website will be fully functional for the vast majority of consumers by the end of November. Ms. Sebelius went on to explain the benefits the ACA insurance exchange brings to the U.S. health care system. By encouraging plans to compete for consumers, health insurance premiums are lower and result in more affordable rates. She cited examples in D.C., Oregon, and New York as having lower than expected premiums and lower rates that will help eligible individuals reduce the cost of having health care insurance. In addition, the Affordable Care Act has helped to slow the growth in healthcare spending, allows young adults to stay on their parent's plan until they are 26 in addition to recommending preventative care for Americans, holding insurers accountable for rate changes, and prohibiting insurers from charging higher premiums for individuals with past health problems. "The fact is that the Affordable Care Act delivered on the product: quality, affordable health insurance," said Sebelius.

Questions and Discussion from the Committee Members

Chairman Max Baucus (D-MT) explained that shutting down the HealthCare.gov website temporarily could help alleviate public's scrutiny and criticism for the technical failures. Senator Baucus further suggested fixing the website before making it available to the American people. Secretary Sebelius responded that based on several diagnostic assessments, the website is fixable. They were advised it was more efficient to routinely update the system rather than shutting the entire website down. Functionality codes are written in batches and routinely updated onto the site. Ms. Sebelius stated there are couple of hundred of functional fixes that has been identified and are organized into priority list.

Senator Orrin G. Hatch (R-UT) expressed his concerns for the security risks and operational problems in the federally facilitated marketplace. Senator Hatch asked when the Administration knew about the security risks for the individual users using the federal exchange website. Secretary Sebelius explained they knew about the security risks in August, however, no one had suggested that the risks outweighed making a decision to delay the launch of the marketplace website. She continued to explain that the data service hub does not store any personal data or health information. She explained the hub acts as a router function. It pings to specific federal databases in order to verify the provided personal information. For example, the hub identifies social security numbers, pings to the

Internal Revenue Service (IRS) and Homeland Security databases without storing the unique information.

Senator Debbie Stabenow (D-MI) stated although there are several problems and frustrations with the technical flaws with the website, there is an obvious demand for health insurance based on the public's attempt to access HealthCare.gov. Senator Stabenow presented a case study about a woman deferring her treatment for breast cancer because of the cost and discrimination against her gender and pre-existing conditions. Senator Stabenow asked if there will be a cap (annual limit) on health coverage for breast cancer treatment and if women will be denied or charged unfairly because of their gender. Secretary Sebelius responded no to these series of questions. Also, preventative screening tests will be administered without out-of-pocket costs after January 1, 2014. Senator Stabenow further expressed her concerns for small businesses who are struggling to afford health care plans for themselves and for their employees. Secretary Sebelius reassured the senator and members of congress that small business owners with fewer than 25 employees are eligible for tax credits under the PPACA. Also, they have more options to shop inside or outside of the federal marketplace system with tax incentives. Small business owners have often been shopping in the high cost marketplace, however, they are now granted with more choices and plans to choose for their employees.

Senator Mike Crapo (R-ID) expressed his concern for the technical problems experienced with the website. However, he stated that he is more concerned with the actual law of the PPACA. Senator Crapo explained his constituents are receiving notices for cancelled health plans along with many other Americans across the nation. Also, premiums in the individual market are increasing. Secretary Sebelius responded that millions of Americans are already receiving benefits because of the PPACA. Seniors are receiving additional benefits. There are number of plans available that are stronger and less expensive. In the federal marketplace, the rates have decreased by 16% than the projected rates conducted by Congressional Budget Office (CBO).

Senator Bob Menendez (D-NJ) explained that numbers of providers are concerned or confused about which network they fall into. The insurance companies have yet to establish a health plan network system. Secretary Sebelius reassured the committee that every plan has a network system.