



DEC 13 2013

The Honorable Senator Moran  
Ranking Member  
Subcommittee on Labor, Health and Human  
Services, Education and Related Agencies  
Washington, DC 20510

Dear Senator Moran,

Thank you for your letter about your concerns regarding the costs of implementing the Health Insurance Marketplaces, as well as the technical problems associated with HealthCare.gov. I have been asked to respond on behalf of the Secretary. The Department of Health and Human Services is focused on ensuring the website is not a barrier to consumers applying for, and enrolling in, the coverage that they so desperately need. Therefore, the Department of Health and Human Services has been working around the clock to make system improvements and HealthCare.gov is functioning significantly better than it was on October 1. Specifically, since October, the Centers for Medicare & Medicaid Services have made measurable improvements to HealthCare.gov allowing more users to move quickly through the system from seeking information to completing the application to shopping and enrolling in coverage.

Attached you will find the answers to each of your questions. Again, thank you for your inquiry on this topic and I hope you find this information helpful.

Sincerely,

A handwritten signature in blue ink, which appears to read "Ellen G. Murray", is positioned above the typed name.

Ellen G. Murray  
Assistant Secretary for Financial Resources

Enclosure

- 1. How much money to date has been spent on developing and implementing healthcare.gov? Please provide the sources of these funds, both discretionary and mandatory.**

Through October 31, 2013, HHS obligated approximately \$677 million for the Federally-facilitated Marketplace IT infrastructure, which includes the HealthCare.gov website and the systems that support enrollment through the Marketplace, such as the data services hub.

In 2010 and 2011, the primary source of funding for IT for the Marketplace was the Health Insurance Reform Implementation Fund appropriated in P.L. 111-152. In 2012, CMS primarily paid for Marketplace-related IT from its Program Management appropriation, and in 2013, most IT was funded through the Nonrecurring Expenses Fund, although small amounts were funded through other resources.

- 2. Describe the current technical issues affecting healthcare.gov and how the Department intends to correct these problems. Please indicate a timeline for resolving the issues.**

As part of our ongoing efforts to make improvements to HealthCare.gov, we continue to focus on the need to build capacity and fix software bugs. Increasing capacity has largely been a function of enhancing the hardware side of HealthCare.gov so that it is reliable, scalable and recoverable. To do this, we have added server capacity, improved database functionality, and swapped out directory components.

Software fixes have also been an important part of our work. Our development and testing teams, working 24 hours a day, seven days a week, have made hundreds of improvements to system software on both the front-end, which faces consumers, and the back-end, which helps the site operate efficiently.

Because of the numerous upgrades in software and hardware over the last month, as of December 1, 2013, HealthCare.gov can handle approximately 50,000 users at the same time and more than 800,000 users a day. However, if there are extraordinarily high spikes in traffic, which exceed the site's capacity, consumers will be put in a new advanced queuing system that allows them to be notified via email when they can return at a later time.

All these fixes have greatly enhanced the ability of consumers to use the site to shop for and enroll in health plans that meet their needs. The site is working smoothly for the vast majority of users.

Again, we are seeing improvements week over week with lower error rates- the site error rate has been reduced to well below 1 percent from 6 percent. The website also now has faster response

times. The average page response time across the site is now under one second. This compares to the first few weeks after the site launched when users were waiting an estimated average of eight seconds for pages across the site to load. Our work will continue so that every American can access and enroll in affordable, high quality health coverage.

3. **Describe in detail (including key dates) the steps that your Department took to test the healthcare.gov website prior to roll-out on Oct 1, 2013. Please include information on technical issues that arose during the testing and how they were resolved.**

The Marketplace system consists of numerous modules, including interfaces with our business partners and other federal agencies. Each module of this system was tested for functionality, and each interface with our business partners and other federal agencies was also tested before October 1st.

4. **Describe in detail what Department offices were responsible for the current version of healthcare.gov. Please also include what private companies were contracted with, how these contracts were selected, their qualifications, what project specifications for which they were responsible, and the costs of each contract.**

Staff from several CMS components contributed to development of HealthCare.gov, including programmatic and content experts from the Center for Consumer Information and Insurance Oversight, and the Office of Communications. CMS' Office of Information Systems and Chief Operating Officer lead the development of the information technology portions of website development.

The two primary contractors implementing HealthCare.gov and related systems were QSSI and CGI.

**QSSI / Data Services Hub:** On September 30, 2011, CMS awarded a \$30 million contract to Quality Software Services Inc. (QSSI) for the Hub, an important part of infrastructure that enables all Marketplaces, regardless of model, and state agencies administering Medicaid and CHIP to provide accurate and timely eligibility determinations. As modified, the current total contract award for QSSI's work on the Hub is \$84.5 million.

**CGI Federal / Federally-facilitated Marketplaces:** On September 30, 2011, CMS awarded an \$56 million contract to CGI Federal to help build and support the information technology systems of the Federally-facilitated Marketplaces. The contract has been modified multiple times since then, and the current total award is \$197 million.

- 5. If the contractors responsible for healthcare.gov are determined to be at fault, do you intend to recover payments made to them? Please describe what recourses are available.**

In general, the contracts used to develop HealthCare.gov were cost plus fixed fee, which means the Government is obligated to pay the contractor their allowable incurred costs plus a fixed fee (profit) that does not vary with actual cost. CMS intends to ensure that all contractors meet contract obligations; and both the contracts and the applicable law allow the agency to consider various options in cases of breach or failures to perform. Additionally, in accordance with the Federal Acquisition Regulation, and as part of CMS's on-going contract administration duties, CMS will assess the contractor's past performance on the work performed. The past performance assessment will be reported in the government-wide Past Performance Information Retrieval System (PPIRS) and will be available for other agencies to use in making sources selection decisions for future contract awards.

- 6. In detail, provide the cost breakout for fixing the technical issues associated with the Exchanges. Please include the sources of funding, the estimated timeline for resolving the issues, and the contracts responsible for paying the technical experts brought in to resolve these issues.**

CMS is currently working to identify any additional needs beyond existing task orders on contracts. Between October 1<sup>st</sup> and the end of November, CMS modified existing contracts to increase Federally-facilitated Marketplace capacity and improve the enterprise identity management system, and to hire QSSI to perform enhanced testing and integration for the Federally-facilitated Marketplace. Software fixes have been made under existing contracts to date, but CMS may need to add funding to these contracts to cover continued development of systems through the end of the performance period.

- 7. On October 18, 2013, your Department notified the Senate Labor/HHS Appropriations Subcommittee that \$450 million will be transferred from the Department's Nonrecurring Expenses Fund to the Exchanges. Will any of these funds be used to fix the current issues with Exchanges? If so, how much? If not, for what specifically will the \$450 million be used?**

The \$450 million will support both Marketplace and non-Marketplace IT projects in CMS. HHS will invest in information technology systems to enhance data security and privacy, improve access, and make improvements to current Medicare and Medicaid infrastructure. These investments are necessary to ensure that CMS continues to secure its data in an environment of changing cyber threats while continuing to make essential data available to all eligible

stakeholders. Investments in CMS infrastructure will support continued high level of service to beneficiaries, providers, and other stakeholders while further safeguarding against potential disruptions due to unforeseen natural disasters, cyber-attacks and other data vulnerabilities. CMS will also invest in Marketplace infrastructure development to support services for consumers, insurance issuers, states, small businesses, and other stakeholders. Development will continue for functions that first come online after the Marketplace open enrollment, including those that enable operation of reinsurance, risk adjustment, and risk corridors. This funding will also support system changes necessary to respond to operational needs now that Marketplaces are open, including assistance to consumers, analysis of insurance plans, and payment management functions.

**8. If the technical issues with the Exchanges cannot be fixed in time, how will the Administration deal with the ACA individual mandate that requires all Americans to have health insurance or pay a penalty?**

Since the launch of the Health Insurance Marketplace, the Center for Medicare & Medicaid Services has taken many steps to improve the consumer experience of HealthCare.gov and strengthen enrollment channels for consumers seeking quality, affordable health coverage. As we enter the third month of open enrollment, the steps we've taken have put us on a path for millions of Americans to gain new, affordable coverage, and to do so online, by phone, in person or by mail. We feel confident that all individuals who wish to enroll in coverage will be able to do so within the open enrollment period that extends through March 31, 2014.

**9. If the issues with the Exchanges cannot be fixed in time, please explain in detail any contingency plans.**

As noted above, we've taken steps that have put us on a path for millions of Americans to gain new affordable coverage, and to do so online, by phone, in person, or by mail, and we feel confident that all individuals who wish to enroll in coverage will be able to do so within the open enrollment period that extends through March 31, 2014. The site today is working smoothly for the vast majority of users. Recently, we began to conduct targeted outreach to consumers who may have had issues enrolling online- providing them with tips on how to successfully complete their enrollment. We have also opened new pathways for consumers, such as the option to purchase coverage directly through an insurance company.

**10. Under the Continuing Appropriations Act, FY 2014 (P.L. 113-46) passed on October 17, 2013, Congress requires you to certify that the Exchanges will verify household income before providing tax credits or any cost-sharing reductions. Please describe how the data hub will be used to verify an individual's eligibility.**

- a. The Administration had previously delayed income verification for 2014 due to issues with the data hub. Please explain how your Department will verify income for individuals signing up for health insurance through the Exchanges.**

To clarify, there have not been issues with the data services hub. In general, the Marketplace will check the income information submitted by every individual applying for insurance affordability programs by comparing it with data from tax filings and Social Security data, and in many cases, with the additional use of current wage information that is available electronically. The multi-step process begins when an individual applies for an insurance affordability program through the Marketplace and affirms or inputs his or her projected annual household income. The Marketplace then compares the applicant's projected annual household income with information available from IRS and SSA. If the data cannot be verified using IRS and SSA, then the information is compared with wage information from employers provided by Equifax. If Equifax data does not substantiate the applicant's inputted income, the Marketplace will request an explanation or additional documentation from the applicant.

When the documentation is requested, the individual will be provided with the time-limited advance payment of premium tax credits for up to 90 days. If satisfactory documentation is not provided within the specified timeframe, a final decision is made based on IRS and SSA data. If no data is available, the advance payment of premium tax credits and cost sharing reductions are discontinued. An FAQ on income verification was published earlier this year, and information can be found at <http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/Downloads/income-verification-8-5-2013.pdf>

- b. Will the verification process happen in real time?**

The Hub is providing accurate responses to inquiries from State-based Marketplaces and the Federally-facilitated Marketplace in real time (less than 1.2 seconds). To the extent that a Marketplace is unable to verify applicant-provided information using federal data sources accessed through the Hub, CMS regulations prescribe processes where the Marketplace must request additional explanations and documentation. In these cases verifications would require follow-up and would not happen in real time.

- c. On October 21, 2013, White House Press Secretary Jay Carney states that if individuals could not get access to coverage, they would not be penalized. Does this statement mean that Administration is considering delaying the ACA individual mandate?**

At the core of the law is the idea that all Americans have access to insurance. There are people today across the country who have access to an insurance plan starting January 1 that could not have gotten insurance before. The truth is today, we all pay the price for those who don't have health insurance. The average family pays \$1,000 more in extra health insurance premiums for uncompensated care.

If you have access to affordable insurance but don't sign up for it, the penalty is \$95 or 1% of income in 2014. The law has provisions built into it to protect individuals from facing hardship. For example, persons who are between jobs or who are residents of a state where Medicaid was not expanded, or are otherwise facing hardship, are not required to pay the penalty. This flexibility is built into the law already for individuals.