HealthCare dot Flub: An Examination of the Politics and Administrative Processes Contributing to the Strained Launch of the Federal Health Insurance Exchange

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The Affordable Care Act (ACA), President Barack Obama’s signature health reform legislation, was designed with the purpose of providing coverage to millions of uninsured people living in the United States. In order to sign up for health insurance, individuals would enroll via the federal exchange, HealthCare.gov, or through federally approved, state-implemented online exchanges. This marked an opportunity to demonstrate the advances in and potential for e-government initiatives that are designed to provide citizens with faster and more efficient information and services.

Researchers have outlined the potential of and support for transparency and e-governance, defined by West (2000) as “the delivery of government information and services online through the Internet or other digital means” (p. 16). E-government (or electronic government) has also been conceptualized as a tool to improve citizen trust in government, accountability, and citizen participation (Tolbert & Mossberger, 2006; West, 2000; Whitmore & Choi, 2010). Some research indicates that there is a demand on behalf of citizens for open government, though the strength of this demand can vary by demographic and socioeconomic group (Piotrowski & van Ryzin, 2007; Tolbert & Mossberger, 2006). Conversely, other scholars have argued that U.S. citizens are hesitant about the adoption of new technologies, largely due to concerns about security and privacy (Whitmore & Choi, 2010). Despite potential privacy concerns, those implementing the ACA elected to take advantage of recent advancements made in e-government and use HealthCare.gov as the primary means of delivering an important service to the people.

The experience of bringing this expansive health insurance bill online, however, was not without its hurdles. HealthCare.gov, overwhelmed from the start by significant user-generated traffic and technical problems, became the source of considerable public skepticism and frustration. This inquiry will argue that there are two fundamental sociopolitical factors in the United States that created obstacles in the implementation of ACA and HealthCare.gov. The first relates to the appropriateness of e-government to reach ACA’s intended audience. Because the success of HealthCare.gov largely hinged on whether those most in need of health insurance would be able to sign up online, proponents of the legislation should have recognized early on that fundamental political realities could make it difficult for those most in need of insurance to access and use either a federal or state online insurance exchange. This analysis suggests
the site was overburdened because those most likely to be uninsured in the United States lived in regions where, generally, state leadership declined to set up a state exchange, which ultimately redirected traffic to HealthCare.gov. The second U.S. sociopolitical factor that complicated the launch and use of HealthCare.gov is a tendency to award millions of dollars to legacy contractors, which resulted in the production of a website that was not technically sophisticated enough to handle such traffic. This commentary will briefly review the story of HealthCare.gov before discussing the two primary causes of the interim challenges in getting the site up and running: the political realities that resulted in an overburdened site, and the procedural shortcomings that meant that the website could not handle the high traffic. These examples of the government conducting business as usual may, until they are addressed, continue to impede efforts of far-reaching e-government initiatives.

**The Affordable Care Act’s HealthCare.gov**

Since early 2013, administration officials, journalists, and policy experts, both at the federal and state levels, publicly and privately expressed concern with and skepticism about the rollout of the website associated with President Obama’s landmark piece of health legislation, ACA (Pipes, 2013).

The Affordable Care Act allowed individuals to sign up for health insurance through public-run websites, or “exchanges,” providing an opportunity for the administration to showcase the potential for e-government in a realm of service provision. These exchanges were meant to be established in each state to allow for a competitive marketplace that would enable consumers to understand and choose among the health plans available to them (Kaiser Family Foundation, 2010). If states failed to set up an exchange by January 1, 2014, the Department of Health and Human Services (DHHS) would take on the burden of operating an exchange in that state (Kaiser Family Foundation, 2013a). Neither DHHS nor the White House apparently planned for the website sophistication that would be demanded of HealthCare.gov should states decline to set up their own exchange.

Steven Brill, in an exposé written for *TIME* magazine, detailed the story of HealthCare.gov, from the initial failures in planning, to ultimate efforts to save the website. It took several weeks following the launch of HealthCare.gov for administration officials to understand what was contributing to the failure of the site. What was clear was that the site’s capacity was completely overwhelmed, allowing only for a few thousand users to visit at a time. In the first two weeks of the site’s existence, only 3 in 10 people were able to access HealthCare.gov. Those 3 in 10 were likely eventually to be kicked off. After assembling a team of technical experts from the private sector in an effort to fix the site, President Obama considered scrapping it entirely and starting over (Brill, 2014).

Technical issues and overburdened capacity were not the only problems with the website. From the early planning days, individuals with appropriate expertise were not always consulted. As a notable example, the White House Chief Technology Officer was not even invited to site planning meetings. It was unclear throughout planning and implementation who was in charge of the launch and site functioning. It was apparent from the start that the system had not been designed to work well (Brill, 2014; Friedman, 2014).
The federally managed HealthCare.gov was not the only ACA-related website to face technical shortcomings. As Forbes’ Sally Pipes noted several months before the rollout of the exchanges,

even the states the administration has paraded around as “pioneers” are having trouble creating government-run insurance marketplaces out of whole cloth. Connecticut, the first state approved to set one up, is now struggling to get its exchange operational. Colorado is “stripping its opening-day goals to a minimum.” (2013, para. 6)

The section that follows will describe the disparities—often regional—that exist both in health care and Internet access that might explain why the capacity of the site was so overburdened. The discussion will then turn to the technical shortcomings of HealthCare.gov that prevented the site from accommodating the unanticipated traffic. This latter conversation suggests the old ways of doing business by relying on legacy contractors may inhibit future e-government initiatives as it did ACA’s HealthCare.gov.

An Overburdened Site: Disparities in Health Care and Internet Access

The application of e-government marks a shift in how the government does business. Whether or not policies that involve e-government succeed depends in large part not only on whether people have access to the Internet, but whether they have the sophistication to use it comfortably. According to the U.S. Census, in 2011, 75.6% of United States households reported having a computer, and just under 72% of households reported accessing the Internet. Significant disparities in race, ethnicity, and age exist in Internet accessibility and utilization. Internet users who identify as black or Hispanic are disproportionately less likely to use the Internet (56.9% and 58.3%, respectively) than those who identify as white/non-Hispanic or Asian (76.2% and 82.7%, respectively). Only 62% of individuals 55 years or older reported using the Internet, a much lower rate than is reflected in other age groups (including 75.9% in users under 35 years of age, the second lowest percentage) (File, 2013). These figures are consistent with a robust body of research that has examined the determinants of access to and use of the Internet, some of which include income, education, age, race, and family structure (Bucy, 2000; Huang, Apouey, & Andrews, 2014; Lorence, Park, & Fox, 2006; Mitchell, Thompson, Watkins, Shires, & Modlin Jr., 2014; Walsh, Rehman, & Goldhirsh, 2014). These disparities are especially noteworthy given the use of e-government to implement social policy programs specifically designed to reduce disparities in these groups in other aspects of life, including health policy programs such as ACA.

Disparities in insurance coverage mirror those for Internet access and use. People of color are less likely to be insured than non-Hispanic whites, and individuals living below the poverty line make up 38% of the nation’s 47.3 million uninsured (Kaiser Family Foundation, 2013b). Many individuals the bill was designed to insure may have not been able to access or use the medium through which they would become insured. Authors of ACA intended to reduce health disparities among individuals who already suffered technological disparities, complicating the process. Interestingly, a further obstacle for demographic groups confronting health-care and technological disparities is that many of those most in need of health insurance live in states that did not support the passage of the ACA and, consequently, declined to set up a state-based insurance exchange.
As previously mentioned, many were not surprised that the rollout of HealthCare.gov was fraught with issues. The passage of ACA was characterized by political contention from the very beginning. By the time HealthCare.gov launched in October 2013, the U.S. House of Representatives had voted 46 times to dismantle parts of the legislation or repeal it entirely (Kapur, 2013b). Politics in the struggle to implement ACA were hardly confined to the national stage. By the February 15, 2013 deadline for states to submit their plans for exchanges, only 17 states and the District of Columbia had done so. Of these 17 states, only four are governed by Republicans (Kapur, 2013a). This meant that, upon its launch, traffic on HealthCare.gov was high, in part, due to the refusal of dozens of states to implement their own health-care exchanges.

Indeed, the White House has argued that the major reason for the shortcomings of HealthCare.gov is unprecedented demand, a rhetorical strategy that suggests that the popularity of the law itself was responsible for 8.6 million unique visitors to the exchange in the first three days (Eilperin, 2013). If they accepted this as fact, then White House officials had to also concede that they failed to recognize the specific needs and attributes of populations that were less likely to have health insurance. Of the 14 states identified by a U.S. Census report as having significantly higher offline populations than other states, nine of them defaulted to a federal exchange, and seven of them have rates of uninsured citizens higher than the national average (File, 2013). This suggests, once again, that individuals who both needed health insurance the most and who were not as connected to the Internet as the rest of America, who had the most to lose from a faulty rollout of HealthCare.gov, live in the same states whose leaders publicly undermined ACA. This almost ensured an unmanageable amount of traffic to the federal site by individuals who were less familiar with using the Internet and might require more time and assistance in signing up for the federal exchange.

That the site was simply overburdened, however, is not the sole or primary cause of the troubled early days of HealthCare.gov. Not only was traffic to the federal exchange high, but the federal exchange was not technically sophisticated enough to handle the traffic. The next section will examine one potential cause of the initially underdeveloped website: a bias of federal agencies to award contracts to legacy contractors that may not have been the most appropriate to construct HealthCare.gov.

**Technical Shortcomings: Dependence on Legacy Contractors**

Although the Obama administration blamed the troubled rollout on political tensions and high site traffic, an important contributor to the quality of the federal exchange went largely unacknowledged in the public discourse. Structural governance realities—particularly, a dependency on legacy contractors—almost ensured that the site would not run as smoothly as it might have had the appropriate team been brought on earlier. There exists here a disconnect between the public’s conception of President Obama’s tech-savvy campaign team and the White House’s deferring of planning its landmark federal exchange site to legacy contractors with deep ties to the political process. During his first presidential campaign, then-Senator Obama’s technical team was not subject to nearly as much public scrutiny as they would be as recipients of government funds working on a federally mandated project. Erik Smith, who consulted for both of President Obama’s presidential campaigns, observed that, if the Obama campaign operatives who
had cultivated such technological success had been awarded funds to design and/or implement HealthCare.gov, this move would have provoked considerable political tension (Eilperin, 2013).

A common practice in the implementation of new programs, particularly those advancing new technologies, is to award contracts to firms that have won government contracts in the past. Evan Burfield, who founded the relatively small company that helped build the American Recovery and Reinvestment Act’s award-winning site Recovery.gov, suggested that a contributing factor to the inadequate design of HealthCare.gov is that it is nearly impossible for newer firms that may be better suited to design such a site to bid on these huge undertakings (Depillis, 2013). Having an established record of work on similar types of projects is extremely important for firms hoping to receive contract awards, which could potentially disadvantage firms who are bidding on requests for proposal (RFPs) for the first time (Congressional Research Service, 2015; Depillis, 2013).

One would assume that, given the history of winning millions of dollars in federal contracts, the performance records of these firms would be overwhelmingly positive. This is not the case. CGI Federal, the IT contractor that orchestrated a majority of the HealthCare.gov exchange, has a troubled history with major health-care projects, including losing a Canadian government contract amounting to over $46 million after three years of missed deadlines. Despite this, CGI Federal’s health-care work has increased by 90% year after year, largely due to the ACA contract. However, even if the contracting agency could count on contractors to deliver high quality work, this would not by itself ensure the successful rollout of HealthCare.gov. This is due in part to the inability to communicate and coordinate among such a high number of firms awarded contracts for this project. Burfield, touching on the disconnect resulting from having so many moving parts involved in the design and implementation of one site, said, “with so many contractors, everyone could technically fulfill the requirements in their statement of work, and the thing can still not work in the end” (Depillis, 2013, para. 16). Despite this, there remains a tendency to award contracts to firms that have previously won contracts, with little present indication of a call for reform.

Discussion

State legislators have a history of standing up against federal legislation that they perceive to be wrong, ineffectual, fiscally irresponsible, ideologically objectionable, or simply inconsistent with their own priorities. This dates back to standards established by Thomas Jefferson and James Madison, who were skeptical of an all-powerful national government, opting instead for a system that would allow state leaders to refuse to implement federal laws with which they disagreed (Ollove, 2013). We see this reflected in today’s political landscape, where states have enacted their own legislation in defiance of federal laws on abortion, the use of marijuana, immigration, and, until recently, gay marriage, among other issues (Grovum, 2013). President Obama’s Affordable Care Act is by no means the first bill to face resistance from the states; it is not even the only piece of health-care legislation to receive pushback from state legislators. When Lyndon Johnson created the Medicaid program in 1965 to provide health care to low-income families, states were not required to participate (though incentives were provided). A year after the bill was signed, only 22 of the 50 states were participating, but today all states are on board (though it took Arizona 17 years to accede) (Ollove, 2013). This state resistance to the ACA, born from a long tradition of states’ defiance of federal authority, contributed to the traffic that overwhelmed
HealthCare.gov. Perhaps because of this long-standing tradition of an exercise of states’ rights, coupled with a recognition that those most in need of health insurance lived in states with leaders resistant to the legislation, the White House should have, in the early stages of planning, accounted and prepared for considerable traffic to the federal exchange by ensuring the development of a technically sophisticated exchange.

In addition to sociopolitical realities in the United States, the fundamental way the government does business contributed to the technical shortcomings of HealthCare.gov. Contractors, arguably as much a part of the policy implementation system as federal departments, also have the legal flexibility to enjoy participation in the lobbying and campaign processes. It needs to be easier and faster for smaller, more productive IT firms that may be new to responding to RFPs to win government contracts than it is; only then will the most talented individuals be able to bring their expertise to the table. For evidence of this, one needs to look no further than the success of the team assembled by the White House to troubleshoot issues with HealthCare.gov after its troubled launch.

The structural and political contexts and attributes described in this article indicate that the initial difficulties with HealthCare.gov should not have been surprising. What is interesting is that, even though millions of people living in the United States do not regularly access the Internet, including those who seek to benefit most from legislation expanding health insurance and care, HealthCare.gov saw extraordinarily high traffic from people trying to sign up for insurance, suggesting that individuals were not as concerned about engaging with this medium as some might have predicted. Indeed, the story did not end as poorly as it started. Looking back, one could argue that HealthCare.gov was a success: By the March 2014 deadline to enroll, the number of people the Obama administration had initially set as an enrollment benchmark had been met and exceeded. On that day, more than 8 million people accessed the site by 8:00 p.m. State health insurance exchanges reported similarly high traffic. HealthCare.gov, by then bolstered by technical fixes, held strong (Kenen & Cheney, 2014). This should be both encouraging and daunting to policymakers implementing e-government initiatives in the future. If individuals are willing to work with technologies with which they may not be very familiar to access information or a service, it is imperative that those technologies work seamlessly and are presented in a format that reduces uncertainty, accommodates high traffic, and includes resources for users and site visitors if and when they encounter technical problems. The people are ready for e-government and for direct interactions with the public sector; whether politicians, policymakers, and technicians will be able to work together to meet the needs of and demand for this changing technological landscape remains to be seen.

References


