



# What's Innovative, and What Isn't, in the Federal Health Insurance Marketplace

BY NICK JUDD AND BAILEY MCCANN | Tuesday, March 19 2013

The federal Department of Health and Human Services is giving an open-source face to the complex new world of health insurance under the Affordable Care Act.

Under that open-source face, though, will be complex systems procured and built just like many other government technology projects: Through multi-million-dollar firms that are part of huge companies and, in one case, a vendor owned by the same parent company as a major health care provider — a situation that presents the appearance of a conflict of interest.

The federal [health insurance marketplace](#), a website where Americans will be able to shop around for health insurance, will be part of [a new, open-source, "CMS-free"](#) version of HHS' Healthcare.gov. Development Seed, a relatively small shop in Washington, D.C. known for the [TileMill](#) mapping software and [MapBox](#) software for hosting maps, is building this front end, one of their programmers, Dave Cole, explained in a blog post.

"As the primary interface for the public to learn about and shop for health insurance plans through the Health Insurance Marketplace, healthcare.gov will relaunch this June with a completely rethought design and architecture," Cole wrote last week.

In a post on Twitter, Department of Health and Human Services CTO Bryan Sivak [explained](#) that the code for this front end will be published on GitHub in June, when the project issues its first major release. HHS plans to release the first version of the marketplace in October.

This means that what will perhaps be the most public face of the federal government's sweeping changes to health insurance will be not just an open-source project, but one that, technologically speaking, is very different from the norm. Development Seed is working with other vendors to implement designs using technologies called Jekyll and Prose.io, which, unlike the way many complex websites now work, does not host content in a relational database. It would take a lot of technology jargon to go further than that, but the bottom line is Development Seed figures their approach means Healthcare.gov — and the Marketplace — will load faster for users and perform better overall than if they took another approach.

And the code for the site will all be publicly available — meaning, in theory, that developers working for a state could adapt it to use for their own exchange. That might not happen, but at the very least, the federal government will be open about how its website works.

Underneath that newfangled open-source front end will be a complex system procured — and built — in a very old-school way.

### "Organizational conflict of interest"

In 2011, Quality Software Services Inc., a Maryland-based firm which has [done a lot of business with federal agencies in recent years](#), won a major contract to prepare for health care exchanges. Under the contract, finalized in January 2012, it became QSSI's job to build a data hub that would power federal health exchanges. This hub, a key piece of plumbing for the exchanges, will pull from many different sources to provide users with information about the insurance options available to them. In some cases, this in essence means making DOS-era systems behave like a modern, Amazon-style e-commerce platform.

In September 2012, a company called Optum bought QSSI. That name might not sound familiar, but its parent company might ring a bell: United Health Group, which also owns major insurer UnitedHealth.

The purchase [raised red flags in Congress](#), prompting letters from the House Energy & Commerce Committee and Sen. Chuck Grassley (R-Iowa).

A spokeswoman for the House Commerce Committee told techPresident that it has received a response to its inquiries and its investigation is ongoing, but declined to elaborate. QSSI did not return techPresident's requests for comment.

In big government IT, these kinds of issues are common, says government contracting lawyer Richard Rector. There's even a name for them: organizational conflict of interest.

Rector, a lawyer with DLA Piper, says that while on the surface, this type of relationship may look unseemly, it's not necessarily rare. He explains that when one of these conflicts is identified, as part of federal contracting requirements both the government and the contractor are supposed to create an OCI Mitigation Plan, which lays out specifically how any relationship overlaps will be avoided.

"Typically these plans include things like a firewall, but generally that's not enough under federal contracting rules, so there might be other steps they are required to take. That should have been approved by CMS at the time of the award," Rector says.

### Big contracts

QSSI is one cog in a much larger machine. One of the reasons why the exchanges require a "data hub" is that so much is supposed to happen under the hood. Ideally, a customer using a health care exchange would be able to [see plans available from multiple sources](#), such as Medicaid and WellPoint, at the same time. In December, techPresident reported one possible goal would be to even "create a case file for you if you opt to join Medicaid."

"Here's where state-run programs may start to set themselves apart," techPresident reported. "In Massachusetts, the exchange may also allow you to see if you also qualify for other federal

aid programs like SNAP or TANF."

That's a lot of data — and a lot of personal information — to throw around. So perhaps it's no surprise that the federal government is looking to large, complicated companies for a large, complicated job.

Among the other prime vendors working on the exchanges is CGI Federal, subsidiary of the IT giant CGI Global, which [won](#) a \$93.7 million contract from the Centers for Medicare & Medicaid Services. A CGI company built New York City's Checkbook NYC 2.0, which city officials say should be released as open-source this summer.

Like many big vendors, CGI Federal wins contracts by planning ahead. It is a prime contractor on the Enterprise System Development (ESD) contract, a multiple award, Indefinite Delivery/Indefinite Quantity (ID/IQ), performance-based contract for the Centers for Medicare & Medicaid Services (CMS). Through this contract, Rector explains, CMS can break mammoth projects down and buy services as they need them.

On the other side of the transaction, CGI Federal has essentially pre-checked every box an agency like CMS is going to line up for a project like the health insurance exchange. Meanwhile, they also have a track record CMS can evaluate. The company has 13 vehicles like its participation in the ESD contract set up for agencies including the IRS, the Environmental Protection Agency, the Department of Defense, to the General Services Administration. So far, it's been working out well — in 2012 the company announced a federal award or task order on an average of about 1 per month, sometimes more.

But one of the loudest cries for reform in federal government is that procurement has become bogged down [by a calcified federal procurement process](#) that, in the words of the former Blue State Digital co-founder Clay Johnson, "keeps small businesses under the thumbs of big ones, and creates so much overhead that government gets outrageous prices."

Federal officials have acknowledged the problem, in part, by including Johnson in 2012's Presidential Innovation Fellows. As part of the fellowship, he worked — with White House Chief Technology Officer Todd Park, who previously held the same title at HHS — on a program called RFP-EZ designed to make it easier for smaller business to identify contracts they could compete for and to participate in bidding.

### **The slow arc of history**

That's just one example of the feds trying to break out of the traditional procurement paradigm. HHS was among the first to launch an "Innovation Fellows" program to bring technologists and entrepreneurs into the department with the goal of using Silicon Valley know-how to solve Beltway problems. At SXSW, Sivak, the HHS CTO and entrepreneur-in-residence, [also described](#) other ways officials are trying to change the department's culture — things like coworking spaces, crowd-funded grants for experimental ideas, and a new program called "HHS entrepreneurs."

Even the Affordable Care Act itself is designed to accommodate innovation. A line item inside the

law creates a "CMS Innovation Center."

HHS officials did not respond to requests for comment for this article. CGI declined to comment. QSSI did not respond to requests for comment.

*<http://techpresident.com/news/23629/whats-innovative-and-what-isnt-federal-health-care-exchanges>*