

# Lessons Learned from the U.S Health Benefit Exchange Projects

Session Code: NA14CAS07

Dominic Lepore  
Terrapin Consulting



Global Congress 2014  
North America



# Questions?

- Twitter: @DominicLepore
- Text: 425-985-1352
- If tweeting about this presentation use #PMIcongress

# Agenda

- What are health benefit exchanges?
- Why are they important?
- Why did some fail and some succeed?
- What lessons can we learn from both the failures and the success?

# What do you recall about the launch of *healthcare.gov*?



# What are Health Benefit Exchanges?

- Affordable Care Act of 2010
  - provided for the establishment of health benefit exchanges (websites) to facilitate the purchase of health insurance

# Federal or State Exchange?

- States could either join the federal exchange or implement their own
  - Sixteen states (in dark) and Washington, D.C. opted to develop their own exchanges

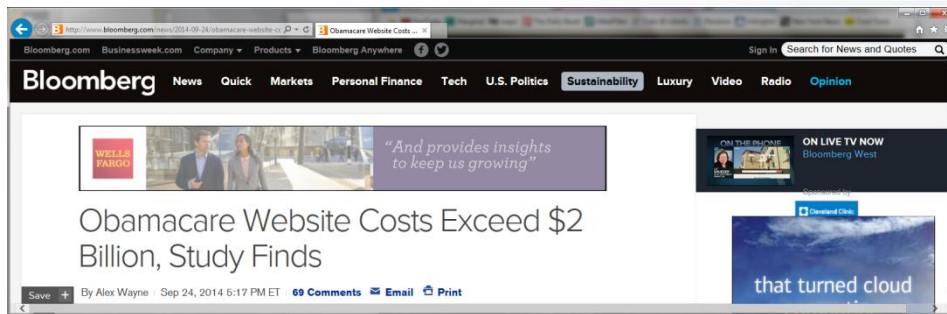


# Health Benefit Exchanges

- Website Features
  - display health insurance plans
  - calculate subsidies based on income
- President Obama: “compare ..... plans side by side, the same way you would...shop for a TV on Amazon”

# Why are these projects important?

- Political
- Visible
- Expensive





# Project Analysis

- Strategic goal of the Affordable Care Act: 50 million Americans did not have health insurance
- This analysis does not cover the policy or the process
- This analysis only looks at the website projects

# Analyzed Projects

- Connecticut, Kentucky and Washington State
- Maryland, Oregon and Vermont

# Analysis Methodology

- Quality Assurance (QA) or Independent Validation and Verification (IV&V) reports
- Audit reports or government investigations
- Press reports
- Interviews with participants

# Data Points

- 100s of data points
- How to categorize?

# PMI Knowledge Areas

- Integration
- Scope
- Time (Schedule)
- Cost (Budget)
- Quality
- HR
- Communication
- Risk
- Procurement
- Stakeholder Mgmt

# Poll: What were the top 3 problem areas?

1. Integration
2. Scope
3. Time (Schedule)
4. Cost (Budget)
5. Quality
6. HR
7. Communication
8. Risk
9. Procurement
10. Stakeholder Mgmt

# Top 3 Problem Areas

- Scope
- Schedule
- Integration
  
- .....+1

# Maryland

- Spent \$90M
- Launch Timeline
  - QA contractor sent letter highlighting risks
  - Executive Director doesn't act
  - Launch is a failure
- Now spending \$50M to implement CT software



# Maryland Risks by Area

| <b>PMI Knowledge Area</b> | <b>Count of Risks</b> |
|---------------------------|-----------------------|
| Time                      | 11                    |
| Scope                     | 10                    |
| Communication             | 7                     |
| Integration               | 5                     |
| Quality                   | 5                     |
| HR                        | 2                     |
| Risk                      | 2                     |
| Procurement               | 2                     |
| Stakeholder               | 1                     |
| Cost                      | 0                     |

# Maryland Risks

- No documented list of features at go-live
- No Change Control Board
- Unclear if any deliverables were ever approved
- Lack of detailed data conversion plan
- Code can be moved from dev to production

# Maryland



#PMIcongress

# Maryland



#PMIcongress

# Oregon

- Planned for 17 development iterations
- Timeline
  - September 16, 2013: the Government PM says “Bottom Line: We are on track to launch.”
  - September 28: Website fails system test
  - September 30: Website launch delayed two weeks
  - November: Website launch?
  - Project abandoned (May 2014)

# Oregon

- “A consistent theme...heard in the interviews was the continued reassurance of (contractor) that ..the October rollout was achievable.”
- Oregon withheld \$25M of \$65M owed to contractor
- Oregon sues contractor

News

Cover Oregon withholds \$25M from

**Cover Oregon: Feds blast state health insurance exchange and lead contractor,**

# Oregon Risks by Area

| <b>PMI Knowledge Area</b> | <b>Count of Risks</b> |
|---------------------------|-----------------------|
| Integration               | 3                     |
| Time                      | 2                     |
| Scope                     | 2                     |
| HR                        | 2                     |
| Risk                      | 2                     |
| Procurement               | 2                     |
| Stakeholder               | 2                     |
| Communication             | 1                     |
| Quality                   | 0                     |
| Cost                      | 0                     |

# Oregon Risks

- Incomplete requirements
- Lack of universally accepted PM processes
- Lack of discipline in the change management process



# Vermont Risks by Area

| <b>PMI Knowledge Area</b> | <b>Sum of Risk Ratings</b> |
|---------------------------|----------------------------|
| Time                      | 165                        |
| Integration               | 89                         |
| Scope                     | 46                         |
| HR                        | 39                         |
| Quality                   | 12                         |
| Communication             | 11                         |
| Risk                      | 9                          |
| Stakeholder               | 3                          |
| Procurement               | 0                          |
| Cost                      | 0                          |

# Vermont Risks

- “Plan continues to be reworked and updated, there is no way to report on or assess progress. It is not clear what components will be delivered when. The dates seem to be unrealistic and unachievable. Some dates violate [federal] schedule requirements.”
- “Appears to be very little control over changes in schedule, deliverables or scope. Impact to other project areas are not analyzed or alternatives presented”

# Vermont Risks

- Project controls not consistently applied
- Lack of integration planning
- No well-defined scope for Release 1
- Requirements: lack granularity, not traceable, insufficient detail, ambiguous, not tied to work flows or use cases

# Summary of Failed Projects

- Scope: Understanding scope, defining requirements
- Schedule: Schedule estimates
- Integration: Planning and maintaining control over scope
- Note: Cost was not cited as an issue

# Scope, Schedule, Integration ....+1

- Risk
  - It is likely that functionality will not be tested until it is too late. Risk Response: Accept (VT)
- Procurement
  - No systems integrator, time and materials contract (OR)

# Scope, Schedule, Integration ....+1

- HR
  - No Test Manager, Training Lead, Architect (VT)
  - 20 unfilled positions (VT)
- Stakeholder
  - Competing priorities and stakeholder conflict (OR)
- Communication
  - No communication plan; confusion of roles

# What about Risk Management?

Oregon QA Report  
Number

1

H

# What about Risk Management?

## Oregon QA Report Number

|   |   |  |  |  |  |  |
|---|---|--|--|--|--|--|
| 1 | 2 |  |  |  |  |  |
| H | H |  |  |  |  |  |



# What about Risk Management?

**Oregon QA Report  
Number**

|   |   |   |  |  |  |  |
|---|---|---|--|--|--|--|
| 1 | 2 | 3 |  |  |  |  |
| H | H | H |  |  |  |  |

# What about Risk Management?

| Oregon QA Report Number |   |   |   |  |  |  |
|-------------------------|---|---|---|--|--|--|
| 1                       | 2 | 3 | 4 |  |  |  |
| H                       | H | H | H |  |  |  |

# What about Risk Management?

| Oregon QA Report Number |   |   |   |   |  |  |
|-------------------------|---|---|---|---|--|--|
| 1                       | 2 | 3 | 4 | 5 |  |  |
| H                       | H | H | H | H |  |  |

# What about Risk Management?

## Oregon QA Report Number

|   |   |   |   |   |   |  |
|---|---|---|---|---|---|--|
| 1 | 2 | 3 | 4 | 5 | 6 |  |
| H | H | H | H | H | H |  |

# What about Risk Management?

## Oregon QA Report Number

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| H | H | H | H | H | H | H |

# What about Risk Management?

## Oregon QA Report Number

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| H | H | H | H | H | H | H | H |

# What about Risk Management?

## Oregon QA Report Number

|   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| H | H | H | H | H | H | H | H | H |

# What about Risk Management?

| Oregon QA Report Number |   |   |   |   |   |   |   |   |   |
|-------------------------|---|---|---|---|---|---|---|---|---|
| 1                       | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 1 |
|                         |   |   |   |   |   |   |   |   | 0 |
| H                       | H | H | H | H | H | H | H | H | H |



# What about Risk Management?

| Oregon QA Report Number |   |   |   |   |   |   |   |   |   |   |
|-------------------------|---|---|---|---|---|---|---|---|---|---|
| 1                       | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 1 | 1 |
|                         |   |   |   |   |   |   |   |   | 0 | 1 |
| H                       | H | H | H | H | H | H | H | H | H | H |

# What about Risk Management?

| Oregon QA Report Number |   |   |   |   |   |   |   |   |   |   |   |
|-------------------------|---|---|---|---|---|---|---|---|---|---|---|
| 1                       | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 1 | 1 | 1 |
|                         |   |   |   |   |   |   |   |   | 0 | 1 | 2 |
| H                       | H | H | H | H | H | H | H | H | H | H | H |

# What about Risk Management?

| Oregon QA Report Number |   |   |   |   |   |   |   |   |   |   |   |   |
|-------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
| 1                       | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 1 | 1 | 1 | 1 |
|                         |   |   |   |   |   |   |   |   | 0 | 1 | 2 | 3 |
| H                       | H | H | H | H | H | H | H | H | H | H | H | H |

# What about Risk Management?

| Oregon QA Report Number |   |   |   |   |   |   |   |   |   |   |   |   |   |
|-------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1                       | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 1 | 1 | 1 | 1 | 1 |
|                         |   |   |   |   |   |   |   |   | 0 | 1 | 2 | 3 | 4 |
| H                       | H | H | H | H | H | H | H | H | H | H | H | H | H |

# What about Risk Management?

| Oregon QA Report Number |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|-------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1                       | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 1 | 1 | 1 | 1 | 1 | 1 |
|                         |   |   |   |   |   |   |   |   | 0 | 1 | 2 | 3 | 4 | 5 |
| H                       | H | H | H | H | H | H | H | H | H | H | H | H | H | H |

# What about Risk Management?

| Oregon QA Report Number |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|-------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1                       | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
|                         |   |   |   |   |   |   |   |   | 0 | 1 | 2 | 3 | 4 | 5 | 6 |
| H                       | H | H | H | H | H | H | H | H | H | H | H | H | H | H | H |

**16 straight QA reports with risk = High**

# What about Risk Management?

Vermont QA Report  
Number

|   |  |  |  |  |  |  |
|---|--|--|--|--|--|--|
| 1 |  |  |  |  |  |  |
| H |  |  |  |  |  |  |

# What about Risk Management?

## Vermont QA Report Number

|   |   |  |  |  |  |  |
|---|---|--|--|--|--|--|
| 1 | 2 |  |  |  |  |  |
| H | H |  |  |  |  |  |



# What about Risk Management?

## Vermont QA Report Number

|   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 1 |
|   |   |   |   |   |   |   |   |   | 0 |
| H | H | H | H | H | H | H | H | H | H |

### Risk

- It is likely that functionality will not be tested until it is too late.
  - Risk Response: Accept (VT)

# Why didn't risk management work?

# Summary of Failed Project Areas

- Scope, Schedule, Integration
- +1
  - Communication
  - HR
  - Procurement
  - Stakeholder

# Rate this presentation!

# Successful Projects

- Connecticut, Kentucky and Washington State

# What attributes did successful projects have?

# Successful Projects

- Single oversight committee
- Single PM
- Clearly defined and realistic project scope
- Scope control
- Use of existing platforms and COTS
- Extensive testing

# Bonus Content: Access Health CT

- Vendor management
- PMO with executive support
- Best practices
- Repeatable processes
- Experienced staff



# Methodology Bias

- Definition of risk may differ
- Categorization of risks is based on expert opinion
- Original project data on scope, schedule and budget has not been released for any project
- Data from the successful projects is mostly from involved parties who are biased

# Bonus Content: What should you do?

- Audits
  - Beware the Dunning Kruger effect (self-evaluation)
  - Respond to every audit point
  - Don't do too many but do them
- Scope
  - In
  - Out
- Schedule
  - Get scope right
  - Beware the planning fallacy
- Change Control
  - Just do it

# *Healthcare.gov* Issues

- Little data has been released about the federal project but based on press reports the project had issues with:
  - Oversight
  - Project management
  - Vendor management
  - Change management

# Public Sector Risk Considerations

- Bound by statutes, regulations, policies & procedures
- Transparency and accountability rules
- “Supplier to” not “Partner of”
- Political and fiscal constraints
- May not have needed expertise
- Limited means to resolve problems
- Value of relationship less helpful
- Resort to termination “hammer”
- Disputes are in their court – literally

# Contact Information

Dominic Lepore

Dominic@TerrapinConsulting.net

425-985-1352

[www.terrapinconsulting.net](http://www.terrapinconsulting.net)

Twitter: @DominicLepore