Gail R. Wilensky

a bumpier roll-out than expected

The roll-out of the health insurance marketplaces in October was not exactly the auspicious start for this important provision of the Affordable Care Act (ACA) that many had hoped for.

In my September 2013 Eye on Washington column, I discussed the conventional wisdom regarding whether the federal and various state-run marketplaces, also called exchanges, would be ready for "prime time" as of Oct. 1 and what would happen if they weren't.

At the time, I concluded—along with many others—that the readiness of the federal exchanges was at best questionable, because they had been running about two months behind schedule as of June with the hiring and training of navigators and were then rumored to be engaging in a "still-evolving" stream of program specifications with the vendors. By contrast, some of the states were believed to be on track to start on time. My personal candidate for "best in class" was Maryland because the state had been an early supporter of the ACA, the legislature had passed legislation supporting an exchange in April 2011, and the Maryland exchange received early approval from the Department of Health and Human Services (HHS).

Like most, I underestimated the problems the federal exchanges would encounter during their few weeks of operation. And I really botched my choice of "best in class" among the state exchanges when I went with Maryland, although I'm still not sure which state deserves the title.

What Happened?

There seems to be widespread agreement that a major cause of the problems plaguing the federal exchanges was the requirement that consumers create an online account before being able to see the options available to them in their geographic areas. Medicare.gov, the website used by Medicare as well as most existing e-commerce websites, allows potential customers to browse options before they set up accounts requiring personal information. This is something the industry calls "anonymous shopping" and is widely used by commercial websites.

The Obama administration's rationale for requiring an online account with personal information about family size and gross income before enabling browsing was that it would allow potential enrollees to see the subsidy to which they would be entitled before being confronted with any pricing information about available options. Trying to shield potential enrollees from any potential "sticker shock" from viewing the gross premium price without the subsidy is understandable, but it might have been better to have simply provided general information about approximate subsidies a person could receive, allowing the potential enrollees to browse options before establishing a personal account. For example, a look-up table that shows subsidies by family size and income classes would have been a relatively user-friendly way to provide this type of information.

Any strategy that would have diverted users from having to create their own accounts before looking at options would have not only simplified the first part of the process, but also alleviated some of the sheer volume pressure that exacerbated the technical problems embedded in the design. Having gone online to try out the website, I can attest to the large number of screens that a user must pass through before any information about insurance options becomes available.

Having faced a barrage of criticism by various potential enrollees, to say nothing about Republican legislators, the administration is now scrambling to provide "fixes" for the various glitches that have been uncovered. Current estimates are that the administration has until mid-November to resolve all technical problems without jeopardizing an on-time start for the Jan. 1 roll-out of the new benefit. IT experts are cautioning, however, that some of the problems may not yet have been uncovered and won't be until these early known problems are resolved and fixed.

Republicans in Congress, not surprisingly, are attempting to launch investigations into why the technical problems have occurred and have been contacting both HHS and the various vendors involved in creating the exchanges to get as many details on the causes of the failures as possible.

State Exchanges

State exchanges have reported a mixed experience, which is hardly surprising, because they started at different times and invested different amounts of support to the process. Nevada has reported ongoing problems that were in the process of being resolved at press time. Like the federal exchanges, Nevada's exchange required an individual to create an account to access the site. Unfortunately, once an account was created using a username and password, the system displayed a message saying that an unresolvable error had been encountered. Nonetheless, by the end of the first day, some 3,000 accounts had been created.

Maryland's exchange, which I thought was well-positioned to have a relatively easy launch, experienced significant early problems. As of press time, the state's technical glitches were expected to take until the end of November to be fully resolved. During the first 10 days of operation, only 1,120 people were enrolled, as compared with 9,000 in Kentucky, a state with fewer uninsured.

The Kentucky governor has declared that the Kentucky exchange sets the "gold standard," and it appears that it has been relatively successful, although the fact that the exchange was created without the consent of the legislature raises some question about whether it could be overturned. Lawsuits have already been filed, and the issue is likely to go to the Kentucky Supreme Court. The irony of having one of the more successful state experiences be potentially declared illegal is hard to ignore.

What Next?

The push will be on for the federal government to fix all of the technical problems encountered during the initial rollout of the exchanges as quickly as possible and to convince legislators and the American public that the experience of the first few weeks of October is not a good predictor of events to come.

Meanwhile, we are presented with what has to be one of the great political ironies: Republicans—particularly Tea Party Republicans—have been arguing that Obamacare is not ready for "prime time" and is opposed by the American public, as is supported by polling. The irony is that the greater-than-anticipated foul-ups during the roll-out of the exchanges in early October might have supported these contentions, but the public and media were so distracted by the government shutdown—precipitated by the very Republicans who object so strongly to Obamacare—that the administration has gotten a near "pass" about the dismal performance of the federal exchanges. Could the Republicans have done a better job of stepping on their own message? ●

Gail R. Wilensky, PhD, is a senior fellow at Project HOPE; a former administrator of HCFA, now the Centers for Medicare & Medicaid Services; and a former chair of the Medicare Payment Advisory Commission (gwilensky@projecthope.org).