

ONE HUNDRED THIRTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

MEMORANDUM

September 10, 2013

To: Committee on Energy and Commerce Democratic Members and Staff
Fr: Committee on Energy and Commerce Democratic Staff
Re: Committee Investigation of Affordable Care Act Contractors

I. EXECUTIVE SUMMARY

On August 6, 2013, Chairman Fred Upton and other Republican members of the Committee on Energy and Commerce issued a letter requesting briefings and documents from six contractors involved in implementing the Affordable Care Act (ACA): Booz Allen, CGI, eHealthInsurance, Equifax Workforce Solutions, Serco, and QSSI.¹ According to the letters, the interviews and document requests were conducted “in order to better understand the work you have contracted to do, and the status of that work in light of the scheduled open enrollment period beginning October 1, 2013.”²

All six of these contractors were interviewed by and provided documents to the Committee staff, and four of them will be testifying before the Subcommittee on Health today. This memorandum summarizes the information that the Committee received during this investigation.

During the investigation, the contractors told the Committee that they (1) have numerous measures in place to secure the privacy of consumers’ personal financial and health information; (2) are on track to have any remaining tasks completed for October 1, the opening date of the law’s health insurance marketplaces; (3) are satisfied with the management of their contracts by the Centers for Medicare and Medicaid Services (CMS); and (4) are creating jobs across the country through their work to implement this law.

¹ Letters to Booz Allen, CGI, eHealthInsurance, Equifax Workforce Solutions, Serco, and QSSI, from Reps. Upton, Barton, Pitts, Blackburn, and Burgess (Aug. 6, 2013).

² *Id.*

II. ACA CONTRACTORS ARE PROTECTING CONSUMERS' PERSONAL DATA

Safeguarding consumers' personal information is a critical component of the implementation of the ACA. The contractors contacted by the Committee appear to be taking this responsibility seriously.

The contractors told the Committee they will comply with applicable federal privacy laws, including the Health Insurance Portability and Accountability Act (HIPAA) and the Federal Information Security Management Act. They also said they will have to meet the Minimum Acceptable Risk Standards for Exchanges (MARS-E) and other security standards, as specified in their contracts with CMS.³

Several of the contractors described additional steps they are taking. At Serco, which has the contract to process paper applications submitted to federally facilitated marketplaces (FFM), employees will be subject to background checks, receive training on handling personal information, and be blocked from accessing the Internet and using mobile devices at their desks while processing applications, in addition to other security measures.⁴ Additionally, the three-page applications that these employees process will not contain any personal health information, unlike the lengthy forms that many consumers must fill out to obtain private health insurance today.

CGI Federal, the contractor designing the Healthcare.gov website, said it has incorporated specific CMS-approved security measures into its software design. It also stated that the company is using third-party experts to independently test system security.⁵ eHealthInsurance informed the Committee that its contract was updated to improve privacy and security provisions in July 2013.⁶

Some of the concerns about security in the ACA's health insurance marketplaces have focused on the data hub that will connect with the Social Security Administration, Internal Revenue Service, other government agencies, and select outside contractors to verify information for the FFM. QSSI, the main contractor building this data hub, informed the Committee that the hub would not store any personal data, instead allowing information to pass only from one entity to another.⁷ Additionally, Michael Finkel, the Executive Vice President for Program Delivery at

³ Briefing by CGI to House Committee on Energy and Commerce Staff (Aug. 19, 2013); Briefing by eHealthInsurance to House Committee on Energy and Commerce Staff (Aug. 14, 2013); Briefing by Equifax Workforce Solutions to House Committee on Energy and Commerce Committee Staff (Aug. 14, 2013); Briefing by Serco to House Committee on Energy and Commerce Staff (Aug. 22, 2013).

⁴ Briefing by Serco to House Committee on Energy and Commerce Staff (Sept. 3, 2013).

⁵ Briefing by CGI to House Committee on Energy and Commerce Staff (Aug. 19, 2013).

⁶ Briefing by eHealthInsurance to House Committee on Energy and Commerce Staff (Aug. 14, 2013).

⁷ Briefing by QSSI to House Committee on Energy and Commerce Staff (Sept. 4, 2013).

QSSI, told the Committee that QSSI had received the preliminary results of an outside security assessment on August 30, 2013.⁸ This review found no major security issues with the data hub.⁹ Mr. Finkel also said that CMS will put in place on-going security monitoring systems once the data hub is operational on October 1.¹⁰

Several of the contractors responsible for obtaining and using personal information under the ACA also told the Committee that they already have extensive experience collecting and protecting such information. For example, eHealthInsurance has an existing marketplace for insurance that collects such information, while Equifax maintains detailed credit profiles on millions of Americans and collects and uses payroll information to determine eligibility for Medicaid and S-CHIP.¹¹

III. ACA CONTRACTORS INFORMED COMMITTEE STAFF THAT TASKS ARE BEING COMPLETED IN A TIMELY FASHION

Republican leaders have raised concerns about the readiness of CMS and its contractors for the October 1 rollout of the Affordable Care Act marketplaces. However, information provided to the Committee by the contractors that were interviewed indicates that key portions of the marketplace systems are being completed in a timely fashion.

CGI indicated that it was on schedule for designing and developing software for the Healthcare.gov website, had met all major deadlines, and was conducting appropriate testing internally and with outside parties.¹²

Similarly eHealthInsurance reported that it was on schedule to set up its website so that consumers in states using the FFM could compare and buy approved health insurance plans.¹³

Equifax reported that it had already completed key “end to end” tests of their income verification systems; Serco reported that it had hit or beaten all key deadlines.¹⁴

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ Briefing by eHealthInsurance to House Committee on Energy and Commerce Staff (Aug. 14, 2013); Briefing by Equifax Workforce Solutions to House Committee on Energy and Commerce Committee Staff (Aug. 14, 2013).

¹² Briefing by CGI to House Committee on Energy and Commerce Staff (Aug. 19, 2013).

¹³ Briefing by eHealthInsurance to House Committee on Energy and Commerce Staff (Aug. 14, 2013).

¹⁴ Briefing by Equifax Workforce Solutions to House Committee on Energy and Commerce Committee Staff (Aug. 14, 2013); Briefing by Serco to House Committee on Energy and Commerce Staff (Aug. 22, 2013).

IV. ACA CONTRACTORS ARE SATISFIED WITH CMS'S CONTRACT MANAGEMENT

Every contractor asked by the Committee staff indicated confidence and satisfaction with CMS's contract management process. Booz Allen told the Committee that it had a "very pleasant experience" with CMS and that the agency was responsive to its questions.¹⁵ John Lau, the Program Director for Serco, also described CMS's management as "perfectly competent."¹⁶ Richard Martin, Vice President of Healthcare for CGI, told the Committee that CMS was "passionate about getting this right – not just done, but right."¹⁷

V. ACA CONTRACTORS ARE CREATING JOBS

Documents provided to the Committee and interviews with ACA contractors indicate that ACA contracts will create thousands of jobs. To process paper applications under the ACA, Serco will employ 1,954 individuals in the company's program management office and at production centers in Kentucky, Arkansas, and Missouri.¹⁸ CGI has approximately 300 employees and subcontractor personnel working on its contract to design the software for the FFM.¹⁹ QSSI has employed approximately 160 full-time equivalent employees as part of its contract to build the data hub; these are high-skill jobs including website developers, business analysts, managers, and other similar positions.²⁰ Booz Allen employed 42 individuals to work on three of the company's ACA-related contracts.²¹

VI. CONCLUSION

Republican leaders have expressed concerns about many aspects of the Affordable Care Act, including CMS and contractor preparedness for the October 1 opening of the health care marketplaces and the ability of CMS and its contractors to adequately protect consumers' private financial and health information. In order to investigate these and other concerns, the Committee requested voluminous information and briefings from key CMS contractors. The documents provided to the Committee by these contractors and the briefings that they provided to the Committee did not support the Republicans' concerns. The contractors reported that they are

¹⁵ Briefing by Booz Allen to House Committee on Energy and Commerce Staff (Aug. 23, 2013).

¹⁶ Briefing by Serco to House Committee on Energy and Commerce Staff (Aug. 22, 2013).

¹⁷ Briefing by CGI to House Committee on Energy and Commerce Staff (Aug. 19, 2013).

¹⁸ Briefing by Serco to House Committee on Energy and Commerce Staff (Aug. 22, 2013).

¹⁹ E-mail from CGI to Democratic Committee Staff (Sept. 9, 2013).

²⁰ Briefing by QSSI to House Committee on Energy and Commerce Staff (Sept. 4, 2013).

²¹ Briefing by Booz Allen to House Committee on Energy and Commerce Staff (Aug. 23, 2013).

completing tasks in a timely fashion, that they are taking numerous steps to ensure that consumer privacy is protected, and that CMS is effectively managing these contracts.