



A Difference That Makes A Difference

Some States Fail at Setting Up Health Exchanges

The Obama administration's plan to expand access to health insurance depends greatly on the states. But not all states are enjoying the same rate of success in carrying out this mission—even among those that support the Affordable Care Act.

The 2010 law calls on states to set up health exchanges that allow individuals and companies to browse different insurance policies and pick the one that suits them best, often with a federal subsidy for people with limited incomes. The goal was for the exchanges to be as easy to use as a travel website such as Orbitz or Expedia.

That hasn't always been the case, however. Since only 16 states opted to create exchanges of their own, the federal government created one for citizens elsewhere, only to see its site (HealthCare.gov) widely lambasted for its many bugs and failures upon its launch in 2013.

Some of the states that set up exchanges struggled as well. Maryland officials were leading supporters of the Affordable Care Act, making theirs the second state to pass a law creating an exchange after the federal act had passed. But the state's website crashed once it was launched.

By the next morning, a grand total of four people had managed to sign up for insurance. State officials were so amazed that anyone had navigated the system successfully that they contacted each of them to make sure they were real people. Weeks later, thousands of Marylanders were facing frozen computer screens and error messages. Comparatively few were able to sign up.

The reasons for this failure were long in the making. The state devoted \$170 million to the project; yet no one seemed to be in charge. The state's health secretary, human resources secretary (who was in charge of Medicaid), and the official running the exchange itself all tried to make decisions together, creating what one official called a "three-headed monster."

The exchange was supposed to be able to link data from Medicaid and agencies such as the Department of Motor Vehicles, but coordination with those agencies—and among contractors working on the project—was poor. Project managers came and went, even as new software was being added to the system months before the launch.

Maryland wasn't the only state to fail to set up a health exchange of its own. Problems were so bad in Oregon that the state resorted to paper applications and federal prosecutors launched an investigation into what had gone wrong.

But some states did have smooth rollouts. Kentucky, for example, received 7,000 completed insurance applications within the first 2 days of the launch of its site. New York signed up 40,000 people the first week, while Connecticut was able to sign up some 79,000 residents the first few months, half of whom hadn't previously had insurance.

Connecticut avoided serious problems by testing its systems early. The state limited the number of services its site would handle upon its launch, leaving some functions for later. The development team was serious about deadlines—not the case in Maryland—and emphasized the functionality of the site.

Connecticut simply did a better job of testing features and connectivity to other systems (including the federal hub that verifies some information) before going live than did some other states or the federal government. "I got a lot of pushback," said Jim Wadleigh, the chief information officer for Connecticut's health insurance exchange. "A lot of people weren't happy with me, but I was able to find some things that would've been a problem if we waited, so I got a little start on the rest of the country by being able to do that."

Connecticut's success was recognized in other places. Maryland ended up using Connecticut's system to insure its residents, and Kevin Counihan, the head of the Connecticut exchange, was hired by the Obama administration in 2014 to run HealthCare.gov.