

OBAMACARE IMPLEMENTATION: THE ROLLOUT OF HEALTHCARE.GOV

HEARING

BEFORE THE

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

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CONTENTS

Hearing held on November 13, 2013	Page 1
WITNESSES	
Mr. David A. Powner, Director of IT Management Issues, U.S. Government Accountability Office	
Oral Statement	9
Written Statement	11
Mr. Henry Chao, Deputy Chief Information Officer, Deputy Director of the Office of Information Services, Centers for Medicare and Medicaid Services	
Oral Statement	28
Written Statement	30
Mr. Frank Baitman, Deputy Assistant Secretary for Information Technology and Chief Information Officer, U.S. Department of Health and Human Services	
Oral Statement	38
Written Statement	40
Mr. Todd Park, Chief Technology Officer of the United States, Office of Science and Technology Policy	
Oral Statement	44
Written Statement	45
Mr. Steven VanRoekel, Chief Information Officer of the United States, and Administrator, Office of Electronic Government, Office of Management and Budget	
Oral Statement	46
Written Statement	48
APPENDIX	
A letter to Chairman Issa from Ranking Member Cummings submitted for the record by Chairman Issa	148
Pages 151-152 of Henry Chao's transcribed interview submitted for the record by Chairman Issa	150
USA Today article submitted for the record by Chairman Issa	152
CMS memo dated Sept 3, 2013 submitted for the record by Chairman Issa	155
House Republican Playbook submitted for the record by Rep. Cartwright	162
IT Critical Factors Underlying Successful Major Acquisitions Link	179

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Wednesday, November 13, 2013

HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
WASHINGTON, D.C.

The committee met, pursuant to call, at 9:35 a.m., in Room 2154, Rayburn House Office Building, Hon. Darrell E. Issa [chairman of the committee] presiding.

Present: Representatives Issa, Mica, Turner, Duncan, McHenry, Jordan, Chaffetz, Walberg, Lankford, Amash, Gosar, Meehan, DesJarlais, Gowdy, Farenthold, Lummis, Woodall, Massie, Collins, Meadows, Bentivolio, DeSantis, Cummings, Maloney, Norton, Tierney, Clay, Lynch, Cooper, Connolly, Cartwright, Duckworth, Kelly, Davis, Welch, Cardenas, Horsford, and Lujan Grisham.

Also Present: Representative Kelly.

Staff Present: Richard A. Beutel, Majority Senior Counsel; Brian Blase, Majority Professional Staff Member; Molly Boyl, Majority Deputy General Counsel and Parliamentarian; Lawrence J. Brady, Majority Staff Director; Joseph A. Brazauskas, Majority Counsel; Caitlin Carroll, Majority Deputy Press Secretary; Sharon Casey, Majority Senior Assistant Clerk; Steve Castor, Majority General Counsel; John Cuaderes, Majority Deputy Staff Director; Adam P. Fromm, Majority Director of Member Services and Committee Operations; Linda Good, Majority Chief Clerk; Meinan Goto, Majority Professional Staff Member; Tyler Grimm, Majority Professional Staff Member; Frederick Hill, Majority Staff Director of Communications and Strategy; Christopher Hixon, Majority Chief Counsel for Oversight; Michael R. Kiko, Majority Legislative Assistant; Mark D. Marin, Majority Deputy Staff Director of Oversight; Laura L. Rush, Majority Deputy Chief Clerk; Peter Warren, Majority Legislative Policy Director; Rebecca Watkins, Majority Communications Director; Krista Boyd, Minority Deputy Director of Legislation/Counsel; Aryele Bradford, Minority Press Secretary; Yvette Cravins, Minority Counsel; Susanne Sachsman Grooms, Minority Deputy Staff Director/Chief Counsel; Jennifer Hoffman, Minority Communications Director; Chris Knauer, Minority Senior Investigator; Elisa LaNier, Minority Director of Operations; Una Lee, Minority Counsel; Juan McCullum, Minority Clerk; Leah Perry, Minority Chief Oversight Counsel; Dave Rapallo, Minority Staff Director; Daniel Roberts, Minority Staff Assistant/Legislative Correspondent; Valerie Shen, Minority Counsel; Mark Stephenson, Minority Director of Legislation; and Cecelia Thomas, Minority Counsel.

Chairman ISSA. The committee will come to order.

The Oversight and Government Reform Committee exists to secure two fundamental principles: first, Americans have a right to know that the money Government takes involuntarily from them is well spent and, second, Americans deserve an efficient, effective Government that works for them. Our duty on the Oversight and Government Reform Committee is to, in fact, protect these rights. Our solemn responsibility is to hold Government accountable to taxpayers, because taxpayers have a right to know that the money Government takes from them is well spent. It is our job to work tirelessly in partnership with citizen watchdogs to deliver the facts to the American people and bring genuine reform to the Federal bureaucracy.

Three and a half years ago, closer to four, in a partisan vote, the House of Representatives passed the Patient Protection Affordable Care Act, commonly referred to as ObamaCare. The Act gave this Administration more than three years to implement; it gave them virtually unlimited money; it ensured them that, for all practical purposes, they need not come back to Congress ever again because they created an entitlement, one that raised its own money, spent its own money, created its own rules.

The 2400 pages that were passed into law, and then read afterwards, now represent tens of thousands of pages of regulations that were created by this Administration based on how this Administration wanted a law interpreted, meaning that legislation created three and a half years ago was still being written in late September.

The cornerstone of the President's signature achievement included a website, Healthcare.gov. This site, and parallel sites created by some States, were supposed to make it easy to have an on-line marketplace. It was, in fact, an attempt to duplicate what hundreds, perhaps thousands, of insurance companies, large and small, around America do well every day.

On October 1st, President Obama said using it would be as easy as buying an airline ticket on Kayak.com or buying a television on Amazon. This is an insult to Amazon and Kayak. On the day of the launch, President Obama should have known the harsh lesson we have all learned since that time, and that was they weren't ready. They weren't close to ready. This wasn't a small mistake. This wasn't a scaling mistake. This was a monumental mistake to go live and effectively explode on the launchpad.

For American people, ObamaCare is no longer an abstraction, and it is a lot more than a website. For millions of Americans, it is about losing insurance the President promised you can keep, period. For many Americans, it is about premiums going up, when you were promised they would go down by \$2500.

Big businesses lobbied and received an ObamaCare waiver this year. However, the individual, the taxpayer, the citizen, the only real recipient of health care, did not. Individuals still have to pay a penalty if they don't have insurance that meets a Federal standard, a standard of what your Government, your nanny State believes, in fact, you must have. The penalty is still in effect, and even if new exchanges don't function. The penalty is in effect even if you planned on keeping the health care you wanted, period, and

discovered it is now gone, or have yet to discover, because ultimately, if you are on an employer plan, you may not yet have found out that your employer either cannot afford or cannot receive the health care you have grown accustomed to.

The specific reason we are here today is a narrow part of this committee's oversight and legislative authority. It is, in fact, to examine the failures of what should have been an IT success story. Nearly \$600 million, three and a half years, is larger than Kayak ever dreamed of having to set up their website. It is larger than eBay spent in the first many years of a much more complex site that auctions, in real-time, millions and millions of products a year.

We are here to examine the failure of technology not because the technology was so new and innovative, not because this was a moon shot, not because we needed Lockheed Martin and Rockwell to come in and invent some new way to propel a ship to the moon; but because we have discovered, and will undoubtedly continue to discover, that efforts were taken to cut corners to meet political deadlines at the end, that for political reasons rules were not created in a timely fashion, that in fact the rules that should have been created at the time of the passage of the law or shortly thereafter in many cases were still being given to programmers in September of this year.

Now, I recognize that there are divisions on this committee, as there were when ObamaCare became law. Many members, including myself, believe that there was and is a health care crisis in America. It is a crisis of affordability. And insurance is simply a way to score what that affordability is, not to drive down the cost. Many members, including myself, opposed this new law because we thought it wouldn't work and it had no systems to actually reduce the cost of health care from the provider.

My friends on the other side may correctly note, as I will here, that many Americans are benefitting from ObamaCare at the cost of trillions of dollars over a 10-year period. I certainly hope so. But divisions over whether or not taxpayer money taken and pushed back out to needy who are trying to afford health care is not the subject today.

Unfortunately, during the first two years of the ObamaCare law, under Speaker Pelosi, there was no effective oversight. Oversight was shut down during the first two years of the Obama Administration, and the Minority pointing out anything was ignored. Under my chairman, we have tried to correct that, but we have been disappointed by continued obstruction by the Minority on this committee, defending the Administration even when it has failed to deliver the relevant documents, and they find themselves objecting to hearings, witness requests, and constantly engage in petty downplaying of what in fact are a serious problem.

The Minority today will undoubtedly point out that this must be political, that we are not here because only 1100 people at a time could get on to a website before it crashed, effectively, when 250,000 needed to get on it because it was the law and they were mandated. We are not here for that reason, the Minority will say; we are here because this is political.

This committee, on a bipartisan basis, has offered legislation that, if the Senate had taken up it and the President had sup-

ported and signed it and it had been implemented in this project, undoubtedly many of the mistakes made we would find would not be made. In fact, the lack of budget authority for a single point on a project of this sort, conducted and overseen by somebody who had a success story in similar operations rising to the level of a \$600 million multi-committee, multi-State website, if that person had been there and in charge, I have no doubt that person would not be with us today because that site would be up and running.

On October 10th I joined with Senator Lamar Alexander, a member of the minority in the Senate who finds himself unable to get answers, asking Secretary Sebelius to provide documents related to Healthcare.gov. Unfortunately, on October 28th, a month in to ObamaCare, I was forced to issue a subpoena because of a lack of response from the Administration. To date, HHS has not produced a single responsive document to this committee.

In contrast, the committee has received far more cooperation, transparency, and document production, receiving over 100,000 relevant documents, from the private sector, from contractors working on this project, the very contractors who were blamed on day one as their fault, not a single political appointee's fault, not Obama's fault.

I know the ranking member and I could fill an entire hearing with discussions about our differences, and I have no doubt, in short order, he will air many of them. But for this hearing I think we can find agreement. The agreement would be simple: whether you like ObamaCare or not, taxpayer dollars were wasted, precious time was wasted, the American people's promise of ObamaCare, in fact, does not exist today in a meaningful way because best practices, established best practices of our Government were not used in this case.

Now, our Government must quickly grasp the lessons of what happened here in ObamaCare's Healthcare.gov project to better and more effectively implement underlying policy changes so this won't happen again. The investigations of this committee have received testimony and have paid documents indicating many problems that led to the disastrous failure to launch on October 1st. The committee has learned that numerous missed deadlines and ignoring of integrated security testing requirements are still a problem for this system.

The ranking member gave to me, and I will put it in the record, a letter very concerned that some of the documents we received from contractors, if they got in public hands, would be a roadmap to the security flaws that exist in ObamaCare's website today. It is our committee's decision that those documents will not be released, that we will carefully ensure that any material given to us by anyone that would help hackers discover more quickly the flaws in ObamaCare's website are not made public.

But let us understand the ranking member's statement in that letter says more than I could say, and that is, on the day of the launch, and even today, there are material failures in the security of the ObamaCare website, meaning that even though we may not put out the roadmap, hackers, if they can get on a website that only accommodates 1100 people at a time, hackers in fact may have already or may soon find those vulnerabilities. They may soon find

your social security number or your sensitive information because there was no integrated security testing before the launch. And MITRE Corporation and others pointed this out in time for the launch to not have occurred until security concerns were properly vetted.

The last known security test conducted by the records we have been given—and, again, given by contractors, because the Administration has failed to be in any way honest or transparent in producing documents—show that in mid-September, at least as to the Federal marketplace segment of the site, they identified significant findings of risk. Documents from the contractor MITRE identified a chaotic testing environment.

According to Mr. Henry Chao, the top operational officer for the marketplace, Administration delays in issuing regulations created a compressed time frame for building the IT infrastructure. We know, for example, that HHS did not issue any regulations in the three months prior to November 2012 election.

Yes, I am saying that it seems sad that you pass a law in the first few months of an administration and, yet, it seems that regulations came to a halt so they would not be out there in the marketplace during the President's re-elect. Two years is too long after a law that has mandates before you go and tell the American people and the website producers what they must do.

This committee has learned that a complete integrated security testing did not occur, meaning test the pieces, but do not test the entire product was one of the faults at the launch. That heightens the risk of unauthorized access, non-encrypted data, identify theft, and the loss of personal identifiable information. This is not this committee's opinion; this is testimony.

The director of CMS stated he was not even aware of some testing results that showed serious security problems in the weeks before the October 1st launch. He testified these results should have been shared with him and said the situation was disturbing. HHS offered no further explanation for nearly two weeks, until after the committee made a redacted version of the key memo public.

At a briefing last week, Tony Trenkle, CMS Chief Information Officer, told investigators he normally signs the authority to operate memos to launch CMS IT projects. In this case, however, and wisely, he determined that he would not sign the Healthcare.gov document, and in fact required a less qualified and obviously erroneous signature by Marilyn Tavenner to occur on that document.

Now, that is kicking it upstairs because you know it isn't any good. And although I appreciate a CIO not signing a document for a site that wasn't ready, I think at the same time we must recognize that there should have been public objection to Marilyn Tavenner signing that document for a website that clearly was not ready for prime time.

Additionally, today we are hearing from a distinguished panel of witnesses, and I recognize some of the witnesses, particularly Mr. Park, are busy elsewhere trying to get this site operational. But since we have been in the neighborhood of six weeks into the launch, I trust that hundreds or, if necessary, thousands of the right people have most of their marching orders and that, in fact, it is time for Congress, on any committee of jurisdiction, to look

over the shoulder of the Administration to ask both what went wrong and, today, not just ask do you promise, on November 30th, to make it right, but will you in fact commit to the changes in law that would ensure this doesn't happen again.

I don't hold this committee hearing today to sell IT reform. This committee has already done its job to sell IT reform. However, it is essential that you understand that when Mr. Cummings and I make public billions of dollars worth of failed IT programs, the American people often get a small snippet in the newspaper. So today I think the American people should know this isn't the \$600 million unique event. If it were, it would be a different hearing. This is part of a pattern that occurs due to failure to adhere to the private sector's world-class standards for web production. This is a pattern that includes Schedule C political appointees being more involved than career professionals. This is a pattern that has to stop.

Among our witnesses today will be Mr. Dave Powner, a Government Accountability Officer and an expert in, in fact, what those practices should have been and what failed on Healthcare.gov. I might note for all he is, in fact, a career professional, a non-partisan, and an individual who doesn't work for me, doesn't work for the ranking member, but works for the American people.

I will do the rest of my introduction when the time comes. I now will yield to the ranking member.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Good morning to everyone and welcome to our witnesses who are here with us today. I want you to know that I appreciate your service and, on behalf of a grateful Congress, we thank you. I thank you for your dedication to ensuring that millions of Americans who do not have health insurance will be able to obtain quality affordable coverage going forward. This is an incredibly admirable goal, and I thank you for everything you are doing to make it a reality.

Unfortunately, not everyone in this room shares this very important goal. Republicans opposed the Affordable Care Act in 2009 and voted against providing health insurance to millions of Americans. Over the past three years they have voted more than 40 times to repeal parts or all of the law and eliminate health insurance for people across the Country. Since they failed at these repeal efforts, they blocked requests for full funding to implement the law. This forced Federal agencies to divert limited funds from other areas.

Republican governors refused to set up State exchanges, forcing the Federal Government to bear more of the workload. And to make a political point against the Affordable Care Act, Republican governors refused Federal funds to expand their Medicaid programs to provide medical care for the poor, increasing the burden on their own State hospitals. To me, this is one of the most inexplicable actions I have ever witnessed from elected representatives against their own people, the people who elect them; their neighbors, their family members, their friends, the grocer, the mortician.

After all of these efforts, House Republicans shut down the entire Federal Government for three weeks in October. Three weeks shut down the Government. They threatened to default on our national debt unless we repealed the Affordable Care Act. Again, this effort failed.

Now they are attempting to use the congressional oversight process to scare Americans away from the website by once again making unsupported assertions about the risk to their personal medical information. Let me be clear. The Centers for Medicare and Medicaid Services and its contractors failed to fully deliver what they were supposed to deliver, and congressional oversight of those failures is absolutely warranted. But nobody in this room, nobody in this Country believes that Republicans want to fix the website.

For the past three years the number one priority of congressional Republicans has been to bring down this law, and that goal, ladies and gentlemen, has not changed. Today they complain that their constituents are waiting too long on Healthcare.gov to sign up for insurance. But is there a solution to fix the website? No. It is to repeal the Affordable Care Act and eliminate health insurance for millions of Americans.

While repealing the Affordable Care Act indeed would reducing waiting times on the website, it would increase waiting times in our Nation's emergency rooms.

Mr. Chairman, over the past month, instead of working in a bipartisan manner to improve the website, you have politicized this issue by repeatedly making unfounded allegations. In my opinion, these statements have impaired the committee's credibility. For example, on October 27th, you went on national television and accused the White House of ordering CMS to disable the so-called Anonymous Shopper function in September for political reasons: to avoid "sticker shock." That allegation is totally wrong.

We have now reviewed documents and interviewed the CMS officials who made that decision, and it was based on defects in the contractor's work, not on a White House political directive.

Last Thursday you issued a press release with this blaring headline: "Healthcare.gov Could Only Handle 1,100 Users the Day Before Launch." This claim is wrong. You apparently based your allegation on misinterpretation of the documents we received, which relate to a sample testing environment. I believe the witnesses will expound upon that today.

Most troubling of all was your allegation against one of our witnesses today, Todd Park, the Chief Technology Officer of the United States of America. You went on national television and accused him of engaging in a "pattern of interference and false statements." Mr. Park is widely respected by the technology community as an honest and upstanding professional. In my opinion, your accusations denigrated his reputation with absolutely no, absolutely no legitimate basis. As I said to my letter to you on Monday, I believe your statements crossed the line and I think you owe Mr. Park an apology, not a subpoena.

The unfortunate result of this approach is that we may miss an opportunity to do some very good work. Our committee has done significant substantive and bipartisan work on Federal IT reform, and I applaud you for your leadership in that. And I go back to the word, it was indeed bipartisan. We joined in to do what this committee is supposed to do, to look at the facts, to seek the truth, the whole truth, and nothing but the truth, and then bring about reform.

Under the leadership above you and our Democratic information technology expert, Mr. Connolly of Virginia, last March we passed the Federal Information Technology Acquisition Reform Act. This bill would increase the authority of agency CIOs and provide them with budget authority over Federal IT programs, including hiring. We did that together. We did that in a bipartisan way. We put politics aside, rolled up our sleeves, and worked together to constructively address these challenges. I hope that that is what today's hearing is all about.

And I again thank our witnesses, who I know are working very hard to achieve these goals.

With that, I yield back.

Chairman ISSA. I thank the gentleman.

Members may have seven days in which to submit opening statements and other extraneous material.

I now ask that my entire opening statement be placed in the record. Without objection, so ordered.

I now ask that the letter from Mr. Cummings, dated November 6, 2013, to me be placed in the record. Without objection, so ordered.

Chairman ISSA. I will now go to our panel of witnesses. We welcome our first panel of witnesses:

Mr. Dave Powner is the Director of Information Technology Management Issues at the Government Accountability Office.

Mr. Henry Chao is the Deputy Director of the Office of Information Services at the Center for Medicare and Medicaid Services, today probably called CMS for the rest of the day, and Deputy Chief Information Officer at CMS.

Mr. Frank Baitman is the Chief Information Officer at the Department of Health and Human Services, normally called HHS.

Mr. Todd Park is the Chief Technology Officer of the United States.

Mr. Steve VanRoekel is the Chief Information Officer of the United States.

Pursuant to the rules, as many of you who have not been here before will see, I would ask that you all rise to take a sworn oath. Please raise your right hands.

Do you solemnly swear or affirm that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

[Witnesses respond in the affirmative.]

Please be seated.

Let the record reflect that all witnesses answered in the affirmative.

Now, this is a large panel and it is going to be a long day, and I suspect witnesses will be asked questions by both sides of the aisle, so I would ask that since your entire opening statements will be placed in the record verbatim, that you adhere to the time clock and come to a halt as quickly as possible when it hits red. Please understand yellow is not an opportunity to start a new subject, it is an opportunity to wrap up.

With that, we will go to our distinguished guest from the GAO, Mr. Powner.

WITNESS STATEMENTS**STATEMENT OF DAVID A. POWNER**

Mr. POWNER. Chairman Issa, Ranking Member Cummings, and members of the committee, we appreciate the opportunity to testify on best practices that help agencies deliver complex IT acquisitions. In July I testified before Chairman Mica's subcommittee on 15 failed IT projects and other troubled projects, and now we are faced with one of the more visible troubled IT projects in Healthcare.gov. These complex projects can be delivered successfully when there is appropriate accountability, transparency, oversight, expertise, and program management.

We issued a prior report that showcases seven successful IT acquisitions and what allowed them to be delivered successfully. This morning I would like to highlight best practices from that report and others that would have made a difference with Healthcare.gov. I would like to start by highlighting the importance of FITAR, Mr. Chairman, specifically those sections that increase CIO authorities and strengthen IT acquisition practices.

Starting with accountability. Key IT executives need to be accountable with appropriate business leaders responsible for the project. This needs to start with the department CIOs and for projects of national importance includes the president CIO. At HHS, CIO authority is an issue GAO reported on just last week.

Transparency. The IT Dashboard was put in place in June of 2009 to highlight the status and CIO assessments of approximately 700 major IT investments across 27 departments. About \$40 billion are spent annually on these 700 investments and public dissemination of each project's status is intended to allow OMB and the Congress to hold agencies accountable for results in performance. Surprisingly, recent Dashboard assessments on Healthcare.gov primarily showed a green CIO rating. But, interestingly, in March the rating was red, so something was wrong at that time.

Third, oversight. Both OMB, department and agency oversight and governance are important so executives are aware of project risks and assure that they are effectively mitigated. We have issued reports on OMB and agency TechStat sessions highlighting the importance of these meetings and their excellent results, primarily halting, rescoping, and redirecting troubled projects. We have also recommended that more TechStats needs to occur on troubled and risky projects. We are not aware that Healthcare.gov was subject to a TechStat review.

Fourth, expertise. It is extremely important to project success that program staff have the necessary knowledge and skills. This applies to a number of areas, including program management, engineering, architecture, systems integration, and testing.

Fifth, program management. Several best practices increase the likelihood that IT acquisitions will be delivered on time, within budget, and with the functionality promised. This starts with getting your requirements right by involving end-users, having regular communication with contractors throughout the acquisition process, and adequately testing the system, including integration end-to-end and user acceptance.

There are a number of key questions that can be asked of any IT acquisition to ensure that appropriate accountability, transparency, oversight expertise, and program management is in place, and these most definitely pertain to Healthcare.gov. These include:

What role is OMB playing in ensuring that this major acquisition is on track and specifically how involved is the Federal CIO?

Is the department and agency CIO accountable and actively involved in managing risks?

Is the acquisition status accurate, timely, and transparent as displayed on the IT Dashboard?

Are OMB and agency oversight and governance appropriate?

Were governance or TechStat meetings held with the right executives?

Were key risks addressed and was there appropriate follow-up?

Does the agency have the appropriate expertise to carry out its program management role and other roles it is to perform? In the case of Healthcare.gov, a key question is whether CMS has the capabilities to act as the systems integrator.

And, finally, is the program office following best practices throughout the acquisition life cycle, starting with how the project is defined to how it is tested and deployed for operations? This would include security testing, assessment, and authorization.

In summary, Mr. Chairman, OMB and agencies can do more to ensure that the Government's annual 80-plus billion dollar investment in IT has the appropriate accountability, oversight, transparency, and best practices to deliver vital services to the American taxpayers.

This concludes my statement. Thank you for your continued oversight in Federal IT issues.

[Prepared statement of Mr. Powner follows:]

United States Government Accountability Office



Testimony
Before the Committee on Oversight and
Government Reform, House of
Representatives

For Release on Delivery
Expected at 9:30 a.m. EST
Wednesday, November 13, 2013

INFORMATION TECHNOLOGY

Leveraging Best Practices to Help Ensure Successful Major Acquisitions

Statement of David A. Powner, Director
Information Technology Management Issues

GAO Highlights

Highlights of GAO-14-183T, a testimony before the Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

The federal government reportedly plans to spend at least \$82 billion on IT in fiscal year 2014. Given the scale of such planned outlays and the criticality of many of these systems to the health, economy, and security of the nation, it is important that federal agencies successfully acquire these systems—that is, ensure that the systems are acquired on time and within budget and that they deliver the expected benefits and functionality.

However, GAO has previously reported and testified that federal IT projects too frequently incur cost overruns and schedule slippages while contributing little to mission-related outcomes. To help improve these efforts, OMB has launched several initiatives intended to improve the oversight and management of IT acquisitions. In addition, during the past several years GAO has issued multiple reports and testimonies on federal initiatives to acquire and improve the management of IT investments.

As discussed with committee staff, GAO is testifying today on IT best practices, with a focus on the results of its report issued on the critical success factors of major IT acquisitions. To prepare this statement, GAO drew on previously published work.

What GAO Recommends

GAO has made numerous recommendations to OMB and agencies on key aspects of IT acquisition management, as well as the oversight and management of those investments.

View GAO-14-183T. For more information, contact David A. Powner at (202) 512-9286 or pownerd@gao.gov.

November 2013

INFORMATION TECHNOLOGY

Leveraging Best Practices to Help Ensure Successful Major Acquisitions

What GAO Found

Information technology (IT) acquisition best practices have been developed by both industry and the federal government. For example, the Software Engineering Institute has developed highly regarded and widely used guidance on best practices, such as requirements development and management, risk management, validation and verification, and project monitoring and control. GAO's own research in IT management best practices led to the development of the Information Technology Investment Management Framework, which describes essential and complementary IT investment management disciplines, such as oversight of system development and acquisition management, and organizes them into a set of critical processes for successful investments.

GAO also recently reported on the critical factors underlying successful IT acquisitions. Officials from federal agencies identified seven investments that were deemed successfully acquired in that they best achieved their respective cost, schedule, scope, and performance goals. Agency officials identified nine common factors that were critical to the success of three or more of the seven investments.

Common Critical Success Factors and Number of Agencies Reporting

Critical success factor	Number of investments reporting
Program officials were actively engaged with stakeholders	7
Program staff had the necessary knowledge and skills	6
Senior department and agency executives supported the programs	6
End users and stakeholders were involved in the development of requirements	5
End users participated in testing of system functionality prior to formal end user acceptance testing	5
Government and contractor staff were consistent and stable	4
Program staff prioritized requirements	4
Program officials maintained regular communication with the prime contractor	4
Programs received sufficient funding	3

Source: GAO analysis of agency data.

Officials from all seven investments cited active engagement with program stakeholders as a critical factor to the success of those investments. Agency officials stated that stakeholders regularly attended program management office sponsored meetings; were working members of integrated project teams; and were notified of problems and concerns as soon as possible.

Additionally, officials from six investments indicated that knowledge and skills of the program staff, and support from senior department and agency executives were critical to the success of their programs. Further, officials from five of the seven selected investments identified having the end users test and validate the system components prior to formal acceptance testing for deployment as critical to the success of their program. These critical factors support the Office of Management and Budget's (OMB) objective of improving the management of large-scale IT acquisitions across the federal government; wide dissemination of these factors could complement OMB's efforts.

Chairman Issa, Ranking Member Cummings, and Members of the Committee:

I am pleased to be here today to discuss the importance of key aspects of the federal government's acquisition of information technology (IT) investments. As reported to the Office of Management and Budget (OMB), federal agencies plan to spend at least \$82 billion on IT in fiscal year 2014. Given the size of these investments and the criticality of many of these systems to the health, economy, and security of the nation, it is important that federal agencies successfully acquire these systems—that is, ensure that the systems are acquired on time and within budget, and that they deliver the expected benefits and functionality.

However, as we have previously reported and testified, federal IT projects too frequently incur cost overruns and schedule slippages while contributing little to mission-related outcomes.¹ During the past several years, we have issued multiple reports and testimonies on federal initiatives to acquire and improve the management of IT investments.² In those reports, we made numerous recommendations to federal agencies and OMB to further enhance the management and oversight of IT programs.

¹See, for example, GAO, *Information Technology: OMB and Agencies Need to More Effectively Implement Major Initiatives to Save Billions of Dollars*, GAO-13-796T, (Washington, D.C.: July 25, 2013); *Secure Border Initiative: DHS Needs to Reconsider Its Proposed Investment in Key Technology Program*, GAO-10-340 (Washington, D.C.: May 5, 2010); and *Polar-Orbiting Environmental Satellites: With Costs Increasing and Data Continuity at Risk, Improvements Needed in Tri-agency Decision Making*, GAO-09-564 (Washington, D.C.: June 17, 2009).

²See, for example, GAO, *Information Technology: Additional Executive Review Sessions Needed to Address Troubled Projects*, GAO-13-524 (Washington, D.C.: June 13, 2013); *Data Center Consolidation: Strengthened Oversight Needed to Achieve Billions of Dollars in Savings*, GAO-13-627T (Washington, D.C.: May 14, 2013); *Data Center Consolidation: Strengthened Oversight Needed to Achieve Cost Savings Goal*, GAO-13-378 (Washington, D.C.: Apr. 23, 2013); *Information Technology Dashboard: Opportunities Exist to Improve Transparency and Oversight of Investment Risk at Select Agencies*, GAO-13-98 (Washington, D.C.: Oct. 16, 2012); *Data Center Consolidation: Agencies Making Progress on Efforts, but Inventories and Plans Need to Be Completed*, GAO-12-742 (Washington, D.C.: July 19, 2012); *Information Technology: Continued Attention Needed to Accurately Report Federal Spending and Improve Management*, GAO-11-831T (Washington, D.C.: July 14, 2011); and *Information Technology: Investment Oversight and Management Have Improved but Continued Attention Is Needed*, GAO-11-454T (Washington, D.C.: Mar. 17, 2011).

As part of its response to our prior work, OMB deployed a public website in 2009, known as the IT Dashboard, which provides detailed information on federal agencies' major IT investments,³ including assessments of actual performance against cost and schedule targets (referred to as ratings) for approximately 700 major federal IT investments. In addition, OMB has initiated other significant efforts following the creation of the Dashboard. For example, OMB began leading reviews—known as TechStat Accountability Sessions (TechStats)—of selected IT investments to increase accountability and improve performance. Further, in 2011 we reported on the critical factors underlying successful federal major IT acquisitions.⁴ In that report, we identified seven successful investment acquisitions and nine common factors critical to their success.

As discussed with committee staff, I am testifying today on IT acquisition best practices, with a focus on the results of our report on the critical success factors of major IT acquisitions.⁵ Accordingly, my testimony specifically focuses on those success factors and their importance to improving IT investment oversight and management. I will also address several initiatives put into place by OMB to address the transparency of IT investments and to review troubled projects. All work on which this testimony is based was performed in accordance with all sections of GAO's Quality Assurance Framework that were relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions in this product. A more detailed

³According to OMB guidance, a major IT investment is a system or an acquisition requiring special management attention because it: has significant importance to the mission or function of the agency, a component of the agency, or another organization; is for financial management and obligates more than \$500,000 annually; has significant program or policy implications; has high executive visibility; has high development, operating, or maintenance costs; is funded through other than direct appropriations; or is defined as major by the agency's capital planning and investment control process.

⁴GAO, *Information Technology: Critical Factors Underlying Successful Major Acquisitions*, GAO-12-7 (Washington, D.C.: Oct. 21, 2011).

⁵GAO-12-7.

discussion of the objectives, scope, and methodology of this work is included in each of the reports on which this testimony is based.⁶

Background

Information technology should enable government to better serve the American people. However, according to OMB, despite spending more than \$600 billion on IT over the past decade, the federal government has achieved little of the productivity improvements that private industry has realized from IT.⁷ Too often, federal IT projects run over budget, behind schedule, or fail to deliver promised functionality. In combating this problem, proper oversight is critical.

Both OMB and federal agencies have key roles and responsibilities for overseeing IT investment management and OMB is responsible for working with agencies to ensure investments are appropriately planned and justified. However, as we have described in numerous reports,⁸ although a variety of best practice documentation exists to guide their successful acquisition, federal IT projects too frequently incur cost overruns and schedule slippages while contributing little to mission-related outcomes.

⁶GAO-13-524; GAO, *Information Technology Reform: Progress Made; More Needs to Be Done to Complete Actions and Measure Results*, GAO-12-461 (Washington, D.C.: Apr. 26, 2012); *IT Dashboard: Accuracy Has Improved, and Additional Efforts Are Under Way to Better Inform Decision Making*, GAO-12-210 (Washington, D.C.: Nov. 7, 2011); GAO-12-7; *Information Technology: OMB Has Made Improvements to Its Dashboard, but Further Work Is Needed by Agencies and OMB to Ensure Data Accuracy*, GAO-11-262 (Washington, D.C.: Mar. 15, 2011); and *Information Technology: OMB's Dashboard has Increased Transparency and Oversight, but Improvements Needed*, GAO-10-701 (Washington, D.C.: July 16, 2010).

⁷OMB, *25 Point Implementation Plan to Reform Federal Information Technology Management* (Washington, D.C.: December 2010).

⁸See, for example, GAO, *FEMA: Action Needed to Improve Administration of the National Flood Insurance Program*, GAO-11-297 (Washington, D.C.: June 9, 2011); GAO-10-340; *Secure Border Initiative: DHS Needs to Address Testing and Performance Limitations That Place Key Technology Program at Risk*, GAO-10-158 (Washington, D.C.: Jan. 29, 2010); and GAO-09-564.

IT Acquisition Best Practices Have Been Identified by Industry and Government and Promoted by Legislation

IT acquisition best practices have been developed by both industry and the federal government. For example, the Software Engineering Institute⁹ has developed highly regarded and widely used guidance¹⁰ on best practices, such as requirements development and management, risk management, configuration management, validation and verification, and project monitoring and control. This guidance also describes disciplined project management practices that call for the development of project details, such as objectives, scope of work, schedules, costs, and requirements against which projects can be managed and executed. In the federal government, GAO's own research in IT management best practices led to the development of the Information Technology Investment Management Framework,¹¹ which describes essential and complementary IT investment management disciplines, such as oversight of system development and acquisition management, and organizes them into a set of critical processes for successful investments. This guidance further describes five progressive stages of maturity that an agency can achieve in its investment management capabilities, and was developed on the basis of our research into the IT investment management practices of leading private- and public-sector organizations. GAO has also identified opportunities to improve the role played by Chief Information Officers (CIO) in IT management.¹² In noting that federal law provides CIOs with adequate authority to manage IT for their agencies, GAO also reported on limitations that impeded their ability to exercise this authority. Specifically, CIOs have not always had sufficient control over IT investments; more consistent implementation of CIOs' authority could enhance their effectiveness.

⁹The Software Engineering Institute is a federally funded research and development center operated by Carnegie Mellon University. Its mission is to advance software engineering and related disciplines to ensure the development and operation of systems with predictable and improved cost, schedule, and quality.

¹⁰See, for example, Carnegie Mellon Software Engineering Institute, Capability Maturity Model[®] Integration for Development (CMMI-DEV), Version 1.3 (November 2010); and Carnegie Mellon Software Engineering Institute, Capability Maturity Model[®] Integration for Acquisition (CMMI-ACQ), Version 1.3 (November 2010).

¹¹GAO, *Executive Guide: Information Technology Investment Management, A Framework for Assessing and Improving Process Maturity*, GAO-04-394G (Washington, D.C.: March 2004).

¹²GAO, *Federal Chief Information Officers: Opportunities Exist to Improve Role in Information Technology Management*, GAO-11-634 (Washington, D.C.: Sept. 15, 2011).

Congress has also enacted legislation that reflects IT management best practices. For example, the Clinger-Cohen Act of 1996, which was informed by GAO best practice recommendations,¹³ requires federal agencies to focus more on the results they have achieved through IT investments, while concurrently improving their IT acquisition processes. Specifically, the act requires agency heads to implement a process to maximize the value of the agency's IT investments and assess, manage, and evaluate the risks of its IT acquisitions.¹⁴ Further, the act establishes CIOs to advise and assist agency heads in carrying out these responsibilities.¹⁵ The act also requires OMB to encourage agencies to develop and use best practices in IT acquisition.¹⁶

Additionally, the E-Government Act of 2002 established a CIO Council, which is led by the Federal CIO, to be the principal interagency forum for improving agency practices related to the development, acquisition, and management of information resources, including sharing best practices.¹⁷

Although these best practices and legislation can have a positive impact on major IT programs, we have previously testified that the federal government continues to invest in numerous failed and troubled projects.¹⁸ We stated that while OMB's and agencies' recent efforts had resulted in greater transparency and oversight of federal spending, continued leadership and attention was necessary to build on the progress that had been made.

¹³GAO, *Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology: Learning from Leading Organizations*, GAO/AIMD-94-115 (Washington, D.C.: May 1994). See also, GAO, *Executive Guide: Measuring Performance and Demonstrating Results of Information Technology Investments*, GAO/AIMD-98-89 (Washington, D.C.: March 1998); and *Managing Technology: Best Practices Can Improve Performance and Produce Results*, GAO/IT-AIMD-97-38 (Washington, D.C.: January 1997).

¹⁴40 U.S.C. § 11312.

¹⁵40 U.S.C. § 11315 and 44 U.S.C. 3506(a)(2)(A).

¹⁶40 U.S.C. § 11302(f).

¹⁷44 U.S.C. § 3603. The Federal CIO is the presidential designation for the Administrator of the OMB Office of E-Government, which was also established by the E-Government Act. 44 U.S.C. § 3602.

¹⁸GAO-13-796T.

In an effort to end the recurring cycle of failed IT projects, this committee has introduced legislation to improve IT acquisition management.¹⁹ Among other things, this legislation would

- increase the authority of agency CIOs,
- eliminate duplication and waste in IT acquisition, and
- strengthen and streamline IT acquisition management practices.

We have previously testified in support of this legislation.²⁰

OMB Has Several Initiatives Under Way to Improve the Oversight and Management of IT Investments

OMB plays a key role in helping federal agencies manage their investments by working with them to better plan, justify, and determine how much they need to spend on projects and how to manage approved projects.

In June 2009, OMB established the IT Dashboard to improve the transparency into and oversight of agencies' IT investments. According to OMB officials, agency CIOs are required to update each major investment in the IT Dashboard with a rating based on the CIO's evaluation of certain aspects of the investment, such as risk management, requirements management, contractor oversight, and human capital. According to OMB, these data are intended to provide a near real-time perspective of the performance of these investments, as well as a historical perspective. Further, the public display of these data is intended to allow OMB, congressional and other oversight bodies, and the general public to hold government agencies accountable for results and progress.

In January 2010, the Federal CIO began leading TechStat sessions—reviews of selected IT investments between OMB and agency leadership—to increase accountability and transparency and improve performance. OMB has identified factors that may result in an investment being selected for a TechStat session, such as—but not limited to—

¹⁹The *Federal Information Technology Acquisition Reform Act*, introduced as H.R. 1232 (Mar. 18, 2013), passed by the House on June 14, 2013, as Div. E, H.R. 1960, National Defense Authorization Act for Fiscal Year 2014.

²⁰GAO-13-796T and *Data Centers and The Cloud, Part II: The Federal Government's Take on Optimizing New Information Technologies Opportunities to Save Taxpayers Money*, Before the H.R. Subcommittee on Government Operations of the Committee on Oversight and Government Reform, 113th Cong. 10-12 (2013) (statement of U.S. Government Accountability Office Director of Information Technology Management Issues David A. Powner).

evidence of (1) poor performance; (2) duplication with other systems or projects; (3) unmitigated risks; and (4) misalignment with policies and best practices.

OMB reported that as of April 2013, 79 TechStat sessions had been held with federal agencies. According to OMB, these sessions enabled the government to improve or terminate IT investments that were experiencing performance problems. For example, in June 2010 the Federal CIO led a TechStat on the National Archives and Records Administration's (NARA) Electronic Records Archives investment that resulted in six corrective actions, including halting fiscal year 2012 development funding pending the completion of a strategic plan. Similarly, in January 2011, we reported that NARA had not been positioned to identify potential cost and schedule problems early, and had not been able to take timely actions to correct problems, delays, and cost increases on this system acquisition program.²¹ Moreover, we estimated that the program would likely overrun costs by between \$205 and \$405 million if the agency completed the program as originally designed. We made multiple recommendations to the Archivist of the United States, including establishing a comprehensive plan for all remaining work, improving the accuracy of key performance reports, and engaging executive leadership in correcting negative performance trends.

Drawing on the visibility into federal IT investments provided by the IT Dashboard and TechStat sessions, in December 2010, OMB issued a plan to reform IT management throughout the federal government over an 18-month time frame.²² Among other things, the plan noted the goal of turning around or terminating at least one-third of underperforming projects by June 2012. The plan contained two high-level objectives:

- achieving operational efficiency, and

²¹GAO, *Electronic Records Archive: National Archives Needs to Strengthen Its Capacity to Use Earned Value Techniques to Manage and Oversee Development*, GAO-11-86 (Washington, D.C.: Jan. 13, 2011).

²²OMB, *25 Point Implementation Plan to Reform Federal Information Technology Management* (Washington, D.C.: December 2010).

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- effectively managing large-scale IT programs.²³

To achieve operational efficiencies, the plan outlined actions required to adopt cloud solutions and leverage shared services. To effectively manage IT acquisitions, the plan identified key actions, such as improving accountability and governance and aligning acquisition processes with the technology cycle. Our April 2012 report²⁴ on the federal government's progress on implementing the plan found that not all action items had been completed. These findings are discussed in greater detail later in the next section.

Prior GAO Work Has Reported on OMB's IT Investment Oversight and Management

We have previously reported that OMB has taken significant steps to enhance the oversight, transparency, and accountability of federal IT investments by creating its IT Dashboard, by improving the accuracy of investment ratings, and by creating a plan to reform federal IT. However, we also found issues with the accuracy and data reliability of cost and schedule data, and recommended steps that OMB should take to improve these data.

- In July 2010, we reported²⁵ that the cost and schedule ratings on OMB's Dashboard were not always accurate for the investments we reviewed, because these ratings did not take into consideration current performance. As a result, the ratings were based on outdated information. We recommended that OMB report on its planned changes to the Dashboard to improve the accuracy of performance information and provide guidance to agencies to standardize milestone reporting. OMB agreed with our recommendations and, as a result, updated the Dashboard's cost and schedule calculations to include both ongoing and completed activities.

²³The plan also outlined five subordinate goals. The high-level objective of achieving operational efficiency aligns with the goal of applying light technology and shared solutions (e.g., cloud computing, shared services across the government, and consolidation of multiple organizations' data centers). The high-level objective of effectively managing large-scale IT programs aligns with the other four goals: strengthening program management, aligning the budget process with the technology cycle, streamlining governance and improving accountability, and increasing engagement with industry.

²⁴GAO-12-461.

²⁵GAO-10-701.

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- Similarly, our report in March 2011²⁶ noted that OMB had initiated several efforts to increase the Dashboard's value as an oversight tool and had used its data to improve federal IT management. However, we also reported that agency practices and the Dashboard's calculations contributed to inaccuracies in the reported investment performance data. For instance, we found missing data submissions or erroneous data at each of the five agencies we reviewed, along with instances of inconsistent program baselines and unreliable source data. As a result, we recommended that the agencies take steps to improve the accuracy and reliability of their Dashboard information, and that OMB improve how it rates investments relative to current performance and schedule variance. Most agencies generally concurred with our recommendations and three have taken steps to address them. OMB agreed with our recommendation for improving ratings for schedule variance. It disagreed with our recommendation to improve how it reflects current performance in cost and schedule ratings, but more recently made changes to Dashboard calculations to address this while also noting challenges in comprehensively evaluating cost and schedule data for these investments.
 - Subsequently, in November 2011, we noted²⁷ that the accuracy of investment cost and schedule ratings had improved since our July 2010 report because OMB refined the Dashboard's cost and schedule calculations. Most of the ratings for the eight investments we reviewed as part of our November 2011 report were accurate, although we noted that more could be done to inform oversight and decision making by emphasizing recent performance in the ratings. We recommended that the General Services Administration comply with OMB's guidance for updating its ratings when new information becomes available (including when investments are rebaselined). The agency concurred and has since taken actions to address this recommendation. Since we previously recommended that OMB improve how it rates investments, we did not make any further recommendations.

²⁶GAO-11-262.

²⁷GAO-12-210.

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- Further, in April 2012, we reported²⁸ that OMB and key federal agencies had made progress on implementing actions items from its plan to reform IT management, but found that there were several areas where more remained to be done. Specifically, we reviewed 10 actions and found that 3 were complete, while 7 were incomplete. For example, we found that OMB had reformed and strengthened investment review boards, but had only partially issued guidance on modular development. Accordingly, we recommended, among other things, that OMB ensure that the action items called for in the plan be completed by the responsible parties prior to the completion of the plan's 18-month deadline of June 2012, or if the June 2012 deadline could not be met, by another clearly defined deadline. OMB agreed to complete the key action items.
 - Finally, we reviewed OMB's efforts to help agencies address IT projects with cost overruns, schedule delays, and performance shortfalls in June 2013.²⁹ In particular, we reported that OMB used CIO ratings from the Dashboard, among other sources, to select at-risk investments for reviews known as TechStats.³⁰ OMB initiated these reviews in January 2010 to further improve investment performance, and subsequently incorporated the TechStat model into its plan for reforming IT management. We reported that OMB and selected agencies had held multiple TechStat sessions but additional OMB oversight was needed to ensure that these meetings were having the appropriate impact on underperforming projects and that resulting cost savings were valid. Among other things, we recommended that OMB require agencies to address their highest-risk investments and to report on how they validated the outcomes. OMB generally agreed with our recommendations, and stated that it and the agencies were taking appropriate steps to address them.

²⁸GAO-12-461.

²⁹GAO-13-524.

³⁰TechStat sessions are face-to-face meetings to terminate, halt, or turnaround IT investments that are failing or are not producing results.

**Critical Factors
Underlying Successful
Major Acquisitions**

Subsequent to the launch of the Dashboard and the TechStat reviews, and to help the federal agencies address the well-documented acquisition challenges they face, in 2011,³¹ we reported on nine common factors critical to the success of IT investment acquisitions. Specifically, we reported that department officials from seven agencies each identified a successful investment acquisition, in that they best achieved their respective cost, schedule, scope, and performance goals. To identify these investments, we interviewed officials from the 10 departments with the largest planned IT budgets in order for each department to identify one mission-critical, major IT investment that best achieved its cost, schedule, scope, and performance goals. Of the 10 departments, 7 identified successful IT investments, for a total of 7 investments.³² Officials from the 7 investments cited a number of success factors that contributed to these investments' success.

According to federal department officials, the following seven investments (shown in table 1) best achieved their respective cost, schedule, scope, and performance goals. The estimated total life-cycle cost of the seven investments is about \$5 billion.

³¹GAO-12-7.

³²The three departments that were unable to identify an IT investment that met the criteria for this engagement were the Departments of Agriculture, Health and Human Services, and Justice. The Departments of Agriculture and Health and Human Services each identified systems that they stated met our criteria; however, we did not agree that the systems selected were mission-critical. Justice stated that it had identified an investment that met our criteria; however, it was unable to locate key documentation and evidence needed for our review.

Table 1: IT Investments Identified as Successful by Federal Departments

Dollars in millions			
Department	Managing agency	Investment	Total estimated life-cycle costs
Commerce	Census Bureau	Decennial Response Integration System	\$1,050.0
Defense	Defense Information Systems Agency	Global Combat Support System–Joint Increment 7	\$249.9
Energy	National Nuclear Security Administration	Manufacturing Operations Management Project	\$41.3
Homeland Security	U.S. Customs and Border Protection	Western Hemisphere Travel Initiative	\$2,000.0
Transportation	Federal Aviation Administration	Integrated Terminal Weather System	\$472.5
Treasury	Internal Revenue Service	Customer Account Data Engine 2	\$1,300.0 (Transition States 1 and 2)
Veterans Affairs	Veterans Health Administration	Occupational Health Record-keeping System	\$34.4

Source: Agency data.

Among these seven IT investments, officials identified nine factors as critical to the success of three or more of the seven. The factors most commonly identified include active engagement of stakeholders, program staff with the necessary knowledge and skills, and senior department and agency executive support for the program. These nine critical success factors are consistent with leading industry practices for IT acquisitions. Table 2 shows how many of the investments reported the nine factors and selected examples of how agencies implemented them are discussed below. A more detailed discussion of the investments' identification of success factors can be found in our 2011 report.³³

³³GAO-12-7.

Table 2: Number of Selected Investments Identifying Critical Success Factors

Critical success factor	Number of investments reporting
Program officials were actively engaged with stakeholders	7
Program staff had the necessary knowledge and skills	6
Senior department and agency executives supported the programs	6
End users and stakeholders were involved in the development of requirements	5
End users participated in testing of system functionality prior to formal end user acceptance testing	5
Government and contractor staff were consistent and stable	4
Program staff prioritized requirements	4
Program officials maintained regular communication with the prime contractor	4
Programs received sufficient funding	3

Source: GAO analysis of agency data.

Officials from all seven selected investments cited active engagement with program stakeholders—individuals or groups (including, in some cases, end users) with an interest in the success of the acquisition—as a critical factor to the success of those investments. Agency officials stated that stakeholders, among other things, reviewed contractor proposals during the procurement process, regularly attended program management office sponsored meetings, were working members of integrated project teams,³⁴ and were notified of problems and concerns as soon as possible. In addition, officials from the two investments at National Nuclear Security Administration and U.S. Customs and Border Protection noted that actively engaging with stakeholders created transparency and trust, and increased the support from the stakeholders.

Additionally, officials from six of the seven selected investments indicated that the knowledge and skills of the program staff were critical to the success of the program. This included knowledge of acquisitions and

³⁴OMB defines an integrated project team as a multi-disciplinary team led by a project manager responsible and accountable for planning, budgeting, procurement, and life-cycle management of the investment to achieve its cost, schedule, and performance goals. Team skills include budgetary, financial, capital planning, procurement, user, program, architecture, earned value management, security, and other staff as appropriate.

procurement processes, monitoring of contracts, large-scale organizational transformation, Agile software development concepts,³⁵ and areas of program management such as earned value management and technical monitoring.

Finally, officials from five of the seven selected investments identified having the end users test and validate the system components prior to formal end user acceptance testing for deployment as critical to the success of their program. Similar to this factor, leading guidance recommends testing selected products and product components throughout the program life cycle.³⁶ Testing of functionality by end users prior to acceptance demonstrates, earlier rather than later in the program life cycle, that the functionality will fulfill its intended use. If problems are found during this testing, programs are typically positioned to make changes that are less costly and disruptive than ones made later in the life cycle would be.

In summary, the expanded use of these critical IT acquisition success factors, in conjunction with industry and government best practices, should result in the more effective delivery of mission-critical systems. Further, these factors support OMB's objective of improving the management of large-scale IT acquisitions across the federal government, and wide dissemination of these factors could complement OMB's efforts. While OMB's and agencies' recent efforts have resulted in greater transparency and oversight of federal spending, continued leadership and attention are necessary to build on the progress that has been made. By improving the accuracy of information on the IT Dashboard, and holding additional TechStat reviews, management attention can be better focused on troubled projects and establishing clear action items to turn these projects around or terminate them. Further, legislation such as that proposed by this committee can play an important role in increasing the authority of agency CIOs and improving

³⁵Agile software development is not a set of tools or a single methodology, but a philosophy based on selected values, such as prioritizing customer satisfaction through early and continuous delivery of valuable software; delivering working software frequently, from every couple of weeks to every couple of months; and making working software the primary measure of progress. For more information on Agile software development, see <http://www.agilealliance.org>.

³⁶See, for example, Carnegie Mellon Software Engineering Institute, Capability Maturity Model[®] Integration for Acquisition (CMMI-ACQ), Version 1.3 (November 2010).

federal IT acquisition management practices. Overall, the implementation of our numerous recommendations regarding key aspects of IT acquisition management can help OMB and federal agencies continue to improve the efficiency and transparency with which IT investments are managed, in order to ensure that the federal government's substantial investment in IT is being wisely spent.

Chairman Issa, Ranking Member Cummings, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

**GAO Contact and
Staff
Acknowledgments**

If you or your staffs have any questions about this testimony, please contact me at (202) 512-9286 or at pownerd@gao.gov. Individuals who made key contributions to this testimony are Dave Hinchman (Assistant Director), Deborah Davis, Rebecca Eyler, Kaelin Kuhn, Thomas Murphy, Jamelyn Payan, and Jessica Waselkow.

Chairman ISSA. Thank you.
Mr. Chao.

STATEMENT OF HENRY CHAO

Mr. CHAO. Good morning, Chairman Issa, Ranking Member Cummings, and members of the committee. Since the passage of the Affordable Care Act, CMS has been hard at work to design, build, and test secure systems that ensure Americans are able to enroll in affordable health care coverage.

I serve as CMS's Deputy Chief Information Officer and I am a career civil servant that has 20 years working at CMS on Medicare and Medicaid systems of varying skills. My role has been to guide the technical aspects of the Marketplace development and implementation to Federally-facilitated a Marketplace eligibility enrollment systems in the data services Hub.

I work closely with the private sector's contractors building these IT components of Healthcare.gov. I also work closely with my colleagues in CMS who handle other IT and policy aspects of the site, including the Center for Consumer Information and Insurance Oversight, which manages the business operations and makes policy decisions that relate to Healthcare.gov; the chief information officer who oversees the account creation on Healthcare.gov through management of a shared service called the Enterprise Identity Management System; and the Office of Communications, which is focused on the call center operations and the user experience aspects of Healthcare.gov.

To facilitate the various key functions of the Federally-facilitate Marketplace, CMS contracted with QSSI to develop the Hub and CGI Federal to develop the Federally-facilitated Marketplace. The Hub facilitates the secure verification of the information a consumer provides in their Marketplace application with information maintained by other Federal data sources such as SSA and IRS. In addition to the Hub, CMS contracted with CGI Federal to build the Federally-facilitated Marketplace system which consumers use to apply for health care coverage through private qualified health plans and for affordability programs like Medicaid, CHIP, and advanced premium tax credits and cost-sharing reductions.

The Federally-facilitated Marketplace system consists of numerous modules, each of which was tested for functionality and for security controls. Numerous test cases were used to exercise the end-to-end functionality of the system. We underestimated the volume of users who would attempt to concurrently access the system at any one time initially in October, and we immediately addressed the capacity issues in the first few days and continue to actively work on further improving performance and creating a better user experience.

Healthcare.gov is made up of two major subdivisions. One subdivision is called Learn and contains information to assist and educate consumers about the Marketplace. In addition, a premium estimation tool was launched on October 10th to allow consumers to browse health plans without creating a Healthcare.gov account on the Get Insured subdivision of Healthcare.gov, which contains the online application for enrollment.

While the premium estimation tool could only sort consumers into two age categories when it was first launched, its functionality will be expanded to accommodate additional scenarios to better fit consumer shopping profiles. This tool is different from the FFM application because determinations about consumers' eligibility for insurance affordability programs, Medicaid and CHIP, are specific to the characteristics of an applicant and his or her household, and could only be calculated when an application is completed, after income, citizenship, and other information is verified.

I know that consumers using Healthcare.gov have been frustrated in these initial weeks after the site's launch. While the Hub is working as intended, after the launch of the FFM online application, numerous unanticipated technical problems surfaced which have prevented some consumers from moving through the account creation, application, eligibility, and enrollment processes in a smooth and seamless manner. Some of those problems have been resolved and the site is functioning much better than it did initially. Users can now successfully create an account, continue through the full application and enrollment processes. We are now able to process nearly 17,000 registrations per hour, or 5 per second, with no errors. Thanks to enhanced monitoring tools, we are now better able to see how quickly the online application is responding and to measure how changes improve user experience on the site.

We reconfigured various systems components to improve site responsiveness, increasing performance across the site, but in particular the viewing and filtering of health plans during the online shopping process. We have also made software configuration changes that have added capacity to improve the efficiency and effectiveness of the system.

CMS is committed to creating a safe, secure, and resilient IT system that helps expand access to quality affordable health care coverage. We are encouraged that the Hub is working as intended, and that the framework for a better functioning Federally-facilitated Marketplace eligibility system and enrollment is in place.

[Prepared statement of Mr. Chao follows:]

STATEMENT OF

HENRY CHAO

DEPUTY CHIEF INFORMATION OFFICER &
DEPUTY DIRECTOR, OFFICE OF INFORMATION SERVICES,
CENTERS FOR MEDICARE & MEDICAID SERVICES

ON

DEVELOPMENT AND DEPLOYMENT OF HEALTHCARE.GOV

BEFORE THE

U. S. HOUSE COMMITTEE ON OVERSIGHT & GOVERNMENT REFORM

NOVEMBER 13, 2013

U. S. House Committee on Oversight and Government Reform
“Development and Deployment of HealthCare.gov”
November 13, 2013

Good morning, Chairman Issa, Ranking Member Cummings, and members of the Committee. Since the passage of the Affordable Care Act, the Centers for Medicare & Medicaid Services (CMS), in partnership with private sector contractors, has been hard at work to design, build, and test secure systems that ensure Americans are able to enroll in affordable health care coverage. I serve as CMS’s Deputy Chief Information Officer (CIO), and I am a career civil servant. As Deputy CIO, my role has been to guide the technical aspects of Marketplace development and implementation in accordance with all applicable laws, regulations, and agreements. While consumers using HealthCare.gov have been frustrated in these initial weeks after the site’s October 1, 2013 launch, CMS is working around the clock to address problems so that the site works smoothly for the vast majority of users by the end of this month.

Overview of Marketplace Information Technology (IT)

The Affordable Care Act directs states to establish State-based Marketplaces by January 1, 2014. In states electing not to establish and operate such a Marketplace, the Affordable Care Act requires the Federal Government to establish and operate a Marketplace in the state, referred to as a Federally-facilitated Marketplace. The Marketplace provides consumers access to health care coverage through private, qualified health plans, and consumers seeking financial assistance may qualify for insurance affordability programs like Medicaid, the Children’s Health Insurance Program (CHIP), or the advance payment of the premium tax credits and cost-sharing reductions that can lower consumers’ upfront and out-of-pocket costs.

Marketplace IT System Functions

To fulfill the functions specified in the Affordable Care Act, Federally-facilitated and State-based Marketplaces developed eligibility and enrollment, redetermination, and appeals systems. In many ways, these systems are similar to what private issuers, Medicare Advantage issuers, and State Medicaid agencies currently use to determine eligibility, enroll applicants into health

coverage, process appeals, and perform customer service, as well as prevent fraud, waste, and abuse.

These systems:

- Determine a consumer's eligibility to enroll in a qualified health plan through the Marketplace and for insurance affordability programs;
- Transmit consumer information to state Medicaid/CHIP agencies or the private, qualified health plan issuer they have chosen;
- Redetermine consumer eligibility status during the year, as needed; and
- Allow individuals to appeal an eligibility determination.

Privacy, Security, and Integrity Controls for the Marketplace IT Systems

A key feature of the Marketplace IT systems is that they employ stringent privacy and security controls to safeguard consumer data. CMS developed the data services Hub and Federally-facilitated Marketplace eligibility and enrollment system consistent with Federal statutes, guidelines and industry standards that ensure the security, privacy, and integrity of systems and the data that flows through them. All of CMS' IT systems—including Federal Marketplace systems of records and systems used to support State-based Marketplaces and Medicaid/CHIP agencies—are subject to the Privacy Act of 1974, the Computer Security Act of 1987, and the Federal Information Security Management Act of 2002 (FISMA). These systems must also comply with various rules, regulations, and standards promulgated by the Department of Health and Human Services (HHS), the Office of Management and Budget, the Department of Homeland Security, and the National Institute of Standards and Technology (NIST).

Key Marketplace IT Functions

To facilitate the back-end online eligibility and enrollment, redetermination, and appeals functions consumers access through HealthCare.gov, CMS developed two key tools, in partnership with private sector contractors. CMS contracted with QSSI to build the Hub, which provides an electronic connection between the eligibility systems of the Marketplace and State Medicaid and CHIP agencies to already existing, secure Federal and state databases to verify the information consumers provide in their applications for coverage. In addition, CMS contracted with CGI Federal to build the Federally-facilitated Marketplace eligibility and enrollment

system, which consumers use to create an account on HealthCare.gov, verify their identity, fill out an electronic application to determine their eligibility for health care coverage through private, qualified health plans, Medicaid, CHIP or other insurance affordability programs, choose a health insurance plan and ultimately enroll in health coverage.

The Data Services Hub

CMS designed the Hub, a routing tool that helps the Marketplace and State Medicaid and CHIP agencies provide accurate and timely eligibility determinations. The Hub verifies data against information contained in already existing, secure and trusted Federal databases. CMS has security and privacy agreements with all Federal agencies and states connecting to the Hub. These include the Social Security Administration, the Internal Revenue Service, the Department of Homeland Security, the Department of Veterans Affairs, Medicare, TRICARE, the Peace Corps and the Office of Personnel Management. The Hub increases efficiency and security by eliminating the need for each Marketplace, Medicaid agency, and CHIP agency to set up separate data connections to each database. Risk increases when the number of connections to a data source increase—which is why CMS has designed the Hub to minimize these risks. The Hub provides one highly secured connection among trusted Federal and state databases instead of requiring each agency to set up what could have amounted to hundreds of independently established connections. Further, the Hub is not a database; it does not retain or store information. It is a routing tool that can validate applicant information from various trusted Government databases through secure networks.

Every Federal IT system must comply with rigorous standards before the system is allowed to operate. The Hub's independent Security Controls Assessment was completed on August 23, 2013 and it received an authorization to operate on September 6, 2013. This authorization confirms that the Hub complies with Federal standards and that CMS implemented the appropriate procedures and safeguards necessary for the Hub to operate securely.

The Hub and the Federally-facilitated Marketplace eligibility and enrollment system have several layers of protection in place to mitigate information security risk. For example, these Marketplace IT systems will employ a continuous monitoring model that will utilize sensors

and active event monitoring to quickly identify and take action against irregular behavior and unauthorized system changes that could indicate a potential incident. If a security incident occurs, an Incident Response capability would be activated, which allows for the tracking, investigation, and reporting of incidents. This allows CMS to quickly identify security incidents and ensure that the relevant law enforcement authorities, such as the HHS Office of Inspector General Cyber Crimes Unit, are notified for purposes of possible criminal investigation. As with all systems, the responsibility to safeguard information is an ongoing process, and CMS will remain vigilant throughout operations to anticipate and protect against data security concerns. The Marketplace IT monitoring program will continually be reviewed for effectiveness of the IT's security controls, through methods that include independent penetration testing, automated vulnerability scans, system configuration monitoring, and active web application scanning.

The Federally-Facilitated Marketplace Eligibility and Enrollment System

As described above, the Affordable Care Act directs states to establish State-based Marketplaces by January 1, 2014. In states electing not to establish and operate such a Marketplace, the Affordable Care Act requires the Federal Government to establish and operate a Marketplace for the state, referred to as a Federally-facilitated Marketplace. CMS contracted with CGI Federal to build the Federally-facilitated Marketplace system, including the eligibility and enrollment system. This system lets consumers establish a HealthCare.gov account that they can return to at any point in the application process, and the system connects to the Hub to validate the information consumers submit. Once consumer information is verified, the eligibility and enrollment system forwards consumer applications to an eligibility tool to determine the consumer's eligibility for Medicaid, CHIP, or tax subsidies. For those consumers eligible for tax subsidies, it then allows consumers to compare qualified health plans and start to enroll in the plan of their choosing, transferring the consumer's information to the issuer to complete the enrollment process.

Separate from the Federally-facilitated Marketplace eligibility and enrollment system on HealthCare.gov is a premium estimation tool, launched on October 10, 2013, that allows consumers to browse health plans without creating a HealthCare.gov account. While the tool could only sort consumers into two age categories when it was first launched, its functionality

will be expanded to accommodate additional scenarios to better fit consumer shopping profiles. This tool is different from the Federally-facilitated Marketplace application because determinations about consumers' eligibility for insurance affordability programs, Medicaid, and CHIP are specific to the characteristics of an applicant and his or her household and can only be calculated when an application is completed—after income, citizenship, and other information is verified.

The Federally-facilitated Marketplace eligibility and enrollment system consists of numerous modules. Each module of this system was tested for functionality. Each interface with our business partners and other Federal agencies was also tested. Numerous test cases were used to exercise the end-to-end functionality of the system. Given the user experience, we know now that we underestimated the volume of users who would attempt to log onto the system at the same time, and therefore our testing did not include performance testing at the volume we experienced at launch.

On September 27, 2013, CMS granted authority for the Federally-facilitated Marketplace eligibility and enrollment system to begin operations, with authority to operate for six months. Consistent with security practices as required by FISMA and NIST, CMS identified a number of strategies that we are deploying to continue to monitor operations and mitigate any potential risk, including through regular additional testing. The authorization to operate the Federally-facilitated Marketplace eligibility and enrollment system is consistent with NIST guidance. FISMA and the NIST Risk Management framework permit agencies to authorize an “authority to operate” when there is a risk-mitigation strategy in place. To follow through on the risk mitigation strategy identified in the authorization to operate the Federally-facilitated Marketplace eligibility and enrollment system, we continue to conduct security testing on an ongoing basis as we add new IT functionality.

Improvements to the Federally-facilitated Marketplace Eligibility and Enrollment System

While the Hub is working as intended, after the launch of the Federally-facilitated Marketplace eligibility and enrollment system, numerous unanticipated technical problems surfaced which have prevented some consumers from moving through the account creation, application,

eligibility, and enrollment processes in a smooth, seamless manner. Some of those problems have been resolved, and the site is functioning much better than it did initially. We are committed to fixing these problems so that the experience using the Federally-facilitated eligibility and enrollment system improves for the vast majority of consumers by the end of November 2013.

To ensure that we make swift progress, and that the consumer experience continues to improve, our team called in additional help to solve some of the more complex technical issues we are encountering. We brought on board management expert and former CEO and Chairman of two publicly-traded companies, Jeff Zients, to work in close cooperation with our team to provide management advice and counsel to the project. We have also enlisted the help of QSSI to serve as a general contractor for the project. They are familiar with the complexity of the system, and the work they provided—the Hub—is working well and performing as it should. They are working with CMS leadership and contractors to prioritize the needed fixes and make sure they get done.

A number of fixes have already been completed. One place where we have seen a lot of consumer frustration is in the ability to successfully create an account. This issue is something that we identified on October 1, and we have made significant progress since then to deliver a much smoother process for consumers. Users can now successfully create an account and continue through the full application and enrollment process. We are now able to process nearly 17,000 registrants per hour, or 5 per second, with almost no errors.

The tech team put into place enhanced monitoring tools for HealthCare.gov, enabling us to get a high level picture of the Federally-facilitated Marketplace eligibility and enrollment system. Thanks to this work, we are now better able to see how quickly pages are responding, and to measure how changes improve user experience on the site.

We reconfigured various system components to improve site responsiveness. This has increased performance across the site, but in particular the viewing and filtering of health plans during the online shopping process now responds in just seconds. It was taking minutes. We have also

resolved issues with how the eligibility notices are presented to consumers. They now display properly at the completion of the application process.

Other fixes include software configuration changes and optimization that have increased the efficiency of system interactions. We also added capacity by doubling the number of servers and have replaced the virtual database with a high-capacity physical one. This allowed us to be more efficient and effective in our processing time and significantly reduced the account registration failures. While significant work remains, these changes are already making the shopping process easier for consumers.

Conclusion

CMS is committed to creating safe, secure, and resilient IT systems that help expand access to the quality, affordable health coverage every American needs. We are encouraged that the Hub is working as intended, and that the framework for a better-functioning Federally-facilitated Marketplace eligibility and enrollment system is in place. By enlisting additional technical help, aggressively monitoring for errors, testing to prevent new issues from cropping up, and regularly deploying fixes to the site, we have already made significant improvements to the performance and functionality of the system. We expect that over the next few weeks, consumers will see improvements to the site each week, and that the consumer experience using the Federally-facilitated Marketplaces eligibility and enrollment system through HealthCare.gov will be greatly improved for the vast majority of users by November 30.

Chairman ISSA. I know this isn't questioning time, but if you can tell us 17,000 are signing up per hour, then why is a subpoena from Ways and Means unanswered as to how many have signed up? Please, don't answer yet. We will get to that.

Mr. Baitman.

STATEMENT OF FRANK BAITMAN

Mr. BAITMAN. Good morning, Chairman Issa, Ranking Member Cummings, and members of this committee. My name is Frank Baitman, and I am the Deputy Assistant Secretary for Information Technology and the Chief Information Officer at the U.S. Department of Health and Human Services. I am pleased to join you here today.

The Department of Health and Human Services is the United States Government's principal agency for protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves. At the Department level, the Office of the Chief Information Officer serves this objective by leading the development and implementation of an enterprise-level information technology framework. HHS is committed to the effective and efficient management of our information resources in support of our public health mission, human services program, and the U.S. health system.

The HHS OCIO is responsible for developing the Department's policy framework for IT, including such areas as enterprise architecture, capital planning, records management, accessibility, and security and privacy. For example, the security arena has a healthy framework that encompasses the Federal Information Security Management Act of 2002, OMB directives, and the National Institute of Standards and Technology's guidance on security and privacy, all of which are embodied in the Department's security policies.

Our information technology portfolio is sizeable, including support to a number of grant programs that provide IT resources to State, local, and tribal governments in support of the programs administered by HHS. The Department's portfolio also supports everything from common and commodity IT, things like human resources, email, and accounting systems; to the mission systems that enable research at the National Institutes of Health; to the regulation of drugs and devices at the Food and Drug Administration; and to the treatment of patients at the Indian Health Services' network of clinics.

HHS is a large department, with a diverse set of missions. Our operating divisions include the Administration for Children and Families; the Administration for Community Living; the Administration for Health, Research and Quality; the Centers for Disease Control and Prevention; the Centers for Medicare and Medicaid Services, known as CMS; the Food and Drug Administration; the Health Resources and Services Administration; the Indian Health Service; the National Institutes of Health; and the Substance Abuse and Mental Health Services Administration. That is what makes up HHS. And we manage our IT portfolio through a federated governance structure. The vast majority of the Department's IT resources are dedicated directly to the appropriations made to

our programs and operating divisions, and our governance structure reflects that reality. Program-level IT decisions are governed and reviewed by our operating divisions.

Each of HHS's operating divisions has its own chief information officer, its own chief information security officer, and an IT management structure; and management of the development of Healthcare.gov was comparable to management of similar IT initiatives throughout the Department's operating divisions. Indeed, prior IT initiatives that we are all familiar with, including Medicare.gov and Medicare Part D Prescription Drug program were led and developed by CMS, who serves as the business owner and developer of Healthcare.gov's integrated eligibility and enrollment system for the Federally-facilitated Marketplace.

Since I joined the Department about 18 months ago, we have been working to restructure and update our IT governance, bringing visibility into what the Department buys and builds across all of our operating divisions, and we are now in the process of putting in place three IT steering committees to bring together technology and program leaders from across the Department to improve our purchasing and management of IT resources. These steering committees take a functional view of our IT portfolio. We have created one to oversee health and human service systems, a second to oversee scientific research systems, and a third for administrative and management systems.

This governance structure will improve Department-wide oversight of IT purchases and projects. Secretary Sebelius has been a strong advocate for transparency into the Department's IT portfolio and this new governance structure is designed to achieve that outcome. Collectively, these three steering committees will provide Department-wide guidance to the operating divisions' respective IT portfolios and will ensure that we identify and take advantage of opportunities to save taxpayer funds.

For example, we are now in the process of establishing a Vendor Management Office to improve the Department's negotiating position with technology vendors and to make use of enterprise-wide license acquisitions. We are always looking for ways to consolidate investment systems or acquisitions to meet the Department's broad IT portfolio needs more effectively and economically. In the fiscal year 2014 budget process, HHS identified \$250 million in reductions within our IT portfolio attributable to savings in various commodity IT areas.

Chairman ISSA. Mr. Baitman, we know how great a job you are doing; that is why you are here today. Could you please wrap up?

Mr. BAITMAN. Sure.

I appreciate the opportunity to be with you here today.

[Prepared statement of Mr. Baitman follows:]

STATEMENT OF

FRANK BAITMAN

DEPUTY ASSISTANT SECRETARY FOR INFORMATION TECHNOLOGY AND
CHIEF INFORMATION OFFICER,
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

ON

OBAMACARE IMPLEMENTATION: THE ROLLOUT OF HEALTHCARE.GOV

BEFORE THE

U. S. HOUSE COMMITTEE ON OVERSIGHT & GOVERNMENT REFORM

NOVEMBER 13, 2013

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“ObamaCare Implementation: The Rollout of HealthCare.gov”**

November 13, 2013

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The Department of Health and Human Services is the United States government’s principal agency for protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves. At the Department level, the Office of the Chief Information Officer (OCIO) serves this objective by leading the development and implementation of an enterprise-level information technology (IT) framework. HHS is committed to the effective and efficient management of our information resources in support of our public health mission, human services program, and the United States health system. The HHS OCIO is responsible for developing the Department’s policy framework for IT, including such areas as enterprise architecture, capital planning, records management, accessibility, and security and privacy. For example, the security arena has a healthy framework that encompasses the Federal Information Security Management Act of 2002, OMB Directives, and the National Institute of Standards and Technology’s guidance on security and privacy, all of which are embodied in Departmental policies. Our information technology (IT) portfolio is sizable, including support for a number of grant programs that provide IT resources to state, local, and tribal governments in support of the programs administered by HHS. The Department’s portfolio also supports everything from common and commodity IT—things like human resources, email, and accounting systems—to the mission systems that enable research at the National Institutes of Health (NIH), regulation of drugs and devices at the Food and Drug Administration (FDA), and treatment at the Indian Health Services’ network of clinics.

HHS is a large department with a diverse set of missions. Our Operating Divisions include: the Administration for Children and Families, the Administration for Community Living, the Administration for Health Research and Quality, the Centers for Disease Control and Prevention, the Centers for Medicare & Medicaid Services (CMS), the Food and Drug Administration, the Health Resources and Services Administration, the Indian Health Service, the National Institutes of Health, and the Substance Abuse and Mental Health Services Administration. We manage our IT portfolio through a federated governance structure. The vast majority of the Department's IT resources are directly tied to appropriations made to our programs and Operating Divisions, and our governance structure reflects this reality. Program-level IT decisions are governed and reviewed by our Operating Divisions.

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This governance structure will improve Department-wide oversight of IT purchases and projects. Secretary Sebelius has been a strong advocate for complete transparency into the Department's IT portfolio, and this new governance structure is designed to achieve that outcome. Collectively,

these three steering committees will provide Department-wide guidance to the Operating Divisions' respective IT portfolios, and will ensure that we identify and take advantage of opportunities to save taxpayer funds. For example, we are in the process of establishing a Vendor Management Office to improve the Department's negotiating position with technology vendors, and to make use of enterprise-wide license acquisitions.

We are always looking for ways to consolidate investments, systems, or acquisitions to meet the Department's broad IT portfolio needs more effectively. In the FY 2014 budget process, HHS identified over \$250 million in reductions within our IT portfolio attributable to savings in various commodity IT areas, data center consolidations, simplification of redundant contracting vehicles, and the elimination of low-value or underperforming investments.

Thank you for the opportunity to meet with you today.

Chairman ISSA. Thank you.
Mr. Park.

STATEMENT OF TODD PARK

Mr. PARK. Good morning, Chairman Issa, Ranking Member Cummings and members of the committee. Thank you for inviting me to testify today on the Administration's ongoing efforts to deliver on the promise of the Affordable Care Act.

As U.S. Chief Technology Officer, housed at the Office of Science and Technology Policy, I serve as an advisor at the White House on a broad range of technology policy and strategy priorities, ranging from how technological innovation can help grow the economy to how to open up government data to spur innovation and entrepreneurship in the private sector to how the power of technology can be harnessed to improve health care, aid disaster relief, fight human trafficking, and more. In this work, I try to bring the sensibilities of the private sector tech entrepreneur that I have been for most of my professional life.

As you know, October 1st was the launch of the new Healthcare.gov and the Health Insurance Marketplace, where people without health insurance, including those who cannot afford health insurance and those who are not part of a group plan, can go to get affordable coverage.

Unfortunately, the experience on Healthcare.gov has been highly frustrating for many Americans. These problems are unacceptable. We know there is real interest from the American public in having easy access to the new affordable choices in the health insurance marketplace. I believe that as public servants we have a shared goal: to deliver to Americans the service they deserve and expect. And since the beginning of October I have shifted into working full-time on the team that is working around the clock to fix Healthcare.gov and bring it to the place it should be.

The team is making progress. The website is getting better each week as we work to improve its performance, its stability, and its functionality. As a result, more and more individuals are successfully creating accounts, logging in, and moving on to apply for coverage and shop for plans. We have much work still to do, but are making progress at a growing rate.

I will be happy to try to answer any questions you may have about Healthcare.gov and the progress the team is making. Thank you very much.

[Prepared statement of Mr. Park follows:]

Statement of Todd Park
U.S. Chief Technology Officer
Executive Office of the President
to the
Oversight and Government Reform Committee
U.S. House of Representatives
November 13, 2013

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The team is making progress. The website is getting better each week, as we work to improve its performance, its stability, and its functionality. As a result, more and more individuals are successfully creating accounts, logging in, and moving on to apply for coverage and shop for plans. We have much work still to do, but are making progress at a growing rate.

I will be happy to try to answer any questions you may have about HealthCare.gov and the progress the team is making. Thank you very much.

Chairman ISSA. Thank you, Mr. Park.
Mr. VanRoekel.

STATEMENT OF STEVEN VANROEKEL

Mr. VANROEKEL. Good morning, Chairman Issa, Ranking Member Cummings, and members of this committee. Thank you for this opportunity to testify on the efforts to improve the management of Federal information technology and its relationship to the implementation of the Affordable Care Act.

As the Chief Information Officer of the United States, I serve as the Administrator of the Office of Electronic Government and Information Technology, a statutorily created office within the Office of Management and Budget. My primary duties are: developing and issuing Government-wide, broad-brush guidance and policy; overseeing the development of the President's \$82 billion IT budget; and convening and facilitating Federal IT stakeholders to collectively address and resolve complex cross-Government issues.

The results from my office have followed these themes: flat-lining Federal IT spending since 2009, realizing over \$1 billion in savings since 2012 with our PortfolioStat program, and facilitating and convening agencies to work on crosscutting opportunities and policy such as our work on opening Government data, closing and optimizing our data centers, promoting a new wave of cloud computing. My office has also done important work in the area of cybersecurity, creating new, secure mobile device specifications for our Country and protecting Federal IT devices and the network.

My involvement in the implementation of the ACA also reflects from my role as Federal CIO. I acted as a convener and facilitator of agencies to work through the technical details of the cross-agency implementation work of the ACA, primarily yielding the cross-agency Data Service Hub feature of the overall system.

As the committee is well aware, before joining the Administration, I worked in the private sector for nearly 20 years, the majority of which was at Microsoft Corporation. I shipped and helped launch many complex products and well-known brands, such as Windows XP, Xbox, and Windows Server. The launch of each of these projects presented its own challenges. Microsoft is still patching Windows XP, 12 years after I helped launched it in 2001. Continuous improvement is the nature of these efforts.

As you can imagine, connecting multiple legacy IT systems across multiple agencies of the Federal Government is a complex task; however, this is no way an excuse for the problems encountered in launching Healthcare.gov. We are taking this unacceptable situation seriously and working hard to correct course.

Since October 1st, I am actively helping in the all-hands-on-deck effort to assist the Department of Health and Human Services and the Centers for Medicare and Medicaid Services in fixing this system. Given my prior experience in the private sector, I acted as a customer advocate, helping to assess and address opportunities to improve the customer experience while we fix the website. Outcomes from this work include updates to the home page of Healthcare.gov and listing alternative ways to apply for health insurance. Recently, I am involved in the technical aspects of the site, including monitoring progress and advising the team.

We share the deep concern of this committee regarding the current state of Healthcare.gov and we, as a team, are working to improve this site to improve access to affordable healthcare coverage as soon as possible. I look forward to continuing this work after this hearing.

Thank you again for the opportunity to appear before the committee today.

[Prepared statement of Mr. VanRoekel follows:]

[EMBARGOED UNTIL 9:30 AM ON NOVEMBER 13, 2013]

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

**TESTIMONY OF STEVEN VANROEKEL
FEDERAL CHIEF INFORMATION OFFICER,
ADMINISTRATOR FOR E-GOVERNMENT AND INFORMATION TECHNOLOGY,
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE HOUSE COMMITTEE ON OVERSIGHT AND
GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES**

November 13, 2013

Good morning, Chairman Issa, Ranking Member Cummings, and Members of the Committee. Thank you for this opportunity to testify on the efforts to improve the management of Federal Information Technology (IT) and its relationship to the implementation of the Affordable Care Act (ACA).

As the Chief Information Officer of the United States, I serve as the Administrator of the Office of Electronic Government and Information Technology, a statutorily-created office within the Office of Management and Budget (OMB). My primary duties are: developing and issuing government-wide, broad-brush guidance and policy; overseeing the development of the President's \$82 billion IT budget; and convening and facilitating Federal IT stakeholders to collectively address and resolve complex, cross-government issues.

The results from my office have followed these themes – flat-lining Federal IT spending since 2009, realizing over \$1 billion in savings with our PortfolioStat program, and facilitating and convening agencies to work on cross-cutting opportunities and policy, such as our work on opening Government data, closing and optimizing our data centers, and promoting a new wave of cloud computing. My office has also done important work in the area of cyber security creating new, secure mobile device specifications for our country and protecting Federal IT devices and the network.

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As the Committee is well aware, before joining the Administration, I worked in the private sector for nearly 20 years, the great majority of which was at Microsoft Corporation. I shipped and helped launch many complex products and well-known brands, such as Windows XP, Xbox and Windows Server. The launch of each of these projects presented its own challenges. Microsoft is still patching Windows XP, 12 years after I helped launch it in 2001 – it is the nature of these efforts. As you can imagine, connecting multiple, legacy IT systems across multiple agencies of the Federal Government is a complex task, however, this in no way excuses the problems encountered in launching HealthCare.gov. We are taking this unacceptable situation seriously and working hard to correct course.

Since October 1st, I am actively helping in the all-hands-on-deck effort to assist the Department of Health and Human Services (HHS) and the Centers for Medicare and Medicaid Services (CMS) in fixing this system. Given my prior experiences in the private sector, I act as a customer advocate, helping to assess and address opportunities to improve the customer experience while we fix the website. Outcomes from this work include updates to the home page of HealthCare.gov and listing alternative ways to apply for health insurance. Recently, I am involved in the technical aspects of the site, including monitoring progress of the website and advising the team.

We share the deep concern of this Committee regarding the current state of HealthCare.gov and are committed to working with HHS and CMS to improving this site to improve access to affordable healthcare coverage as soon as possible. I look forward to continuing that work.

Thank you again for the opportunity to appear before the Committee today.

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Chairman ISSA. Thank you.

I now ask unanimous consent that pages 151 and 152 of Mr. Chao's transcribed interview be placed in the record. Without objection, so ordered.

Chairman ISSA. I now ask that the redacted document of CGI Federal, which we will call Exhibit 1, I guess, be placed in the record. Without objection, so ordered.

Chairman ISSA. And I now ask that the CMS document entitled Health Insurance Marketplace Preflight Checklist September 25th, 2013 be placed in the record.

Mr. CUMMINGS. Mr. Chairman?

Chairman ISSA. Yes.

Mr. CUMMINGS. I just want to reserve so I can just see the documents, that's all.

Chairman ISSA. That is a committee document that both sides have.

[Pause.]

Chairman ISSA. Without objection, so ordered.

Chairman ISSA. Mr. Chao, I am going to ask the clerk to give you those documents and, before I start, I am going to give you a very brief understanding of what I am going to come back to you on in just a few minutes. But you have made testimony, on pages 151 and 152 of your transcribed interview, in a sequence of events that were related to the Minority's questioning of you as to whether or not the Anonymous Shopper function worked on October 1st. The other document is related to that checklist, and we want to make sure you have that before I ask you any further questions under oath.

While he is reading that, Mr. Park, you are here today, and taken away from your other duties, because of a serious concern about what you knew and what the Administration may have had you say, and I want to give you an opening opportunity to clarify that. After the October launch, and I will paraphrase, you basically said that the problem with the website was that there were 250,000 simultaneous users; they could have handled 60,000, but that 250,000 simply slowed it down or brought it to its knees.

With your opening statement, the opening statements of others, and what you now know, would you like to please, for the record, give us the number of simultaneous users you believe could have been handled through the portal on day one?

Mr. PARK. Thank you, Mr. Chairman, for the question. It is the nature of this kind of situation—

Chairman ISSA. Now, Mr. Park?

Mr. PARK. Yes, sir.

Chairman ISSA. I want to treat you with respect, but I have a very few minutes.

Mr. PARK. Yes, sir.

Chairman ISSA. You gave a number. That number was erroneous. It couldn't handle 60,000 simultaneous users. Documents that will be placed in the record show that on September 30th the system crashed with 1100, and the goal was to get to 10,000. Would you like to tell us for the record, based on your working on this, what number the American people could simultaneously be on the site working on day one before the system began to time out?

Mr. PARK. So, to answer as succinctly as I can, thank you for the question, the information that we had at the time was that CMS had designed the system for 50,000 to 60,000 concurrent users. Right now, if you ask me right now, based on what I know now, what the system is currently capable of handling, the thing I would be comfortable saying is that the system has been comfortably handling, at present, about 20,000 to 25,000 current users.

Chairman ISSA. Okay, so it is fair to say, and I will paraphrase, on day one, on October 1st, at the launch, some amount, perhaps greater than 1,100, which was experienced on September 30th, and closer to the goal set on September 30th, which they thought, in documents the committee has received, they could get to 10,000 simultaneous. But on day one, on October 1st, when this site launched, the site was capable of handling somewhere more than 1,100, perhaps, but less than 10,000 simultaneous users, and certainly not the 60,000, 50,000, 20,000, or 250,000 that simultaneously tried to use the site. Is that correct?

Mr. PARK. So there may be a matter of confusion here, which CMS may be better positioned to clarify.

Chairman ISSA. Okay.

Mr. PARK. But I believe that the 1,100 number was for a particular unit of capacity.

Chairman ISSA. Okay.

Mr. PARK. As opposed to the entire system. But I will defer.

Chairman ISSA. Right. But the problem is there was a front door, and that unit of capacity was limited by the front door. You know, I come out of the IT world, I come out of the tech world, but the American people can understand that you are only as strong as your weakest link. If you have a bottleneck that causes people trying to get through the site to not be able to do it, to time out, that bottleneck is what determines it. And since, on day one, only 6 people got to the end, I think that for the American people, understanding that whatever the capacity is today, the capacity was insufficient on day one. Isn't that correct?

Mr. PARK. So, sir, just in the interest of providing the most accurate testimony I can—

Chairman ISSA. I only want to know on day one was the capacity sufficient.

Mr. PARK. I can't speak to the numbers that you are talking about. But clearly on day one, clearly on day one the system was overwhelmed by volume.

Chairman ISSA. Okay. Well, Mr. Park, you are going back to something I hoped you wouldn't do. The volume on day one, and maybe the GAO can answer, the volume on day one was not in excess of what was expected, was it? The volume on day one was what you would expect if everyone is going on the site to see what it is all about after three and a half years of waiting, isn't it, Mr. Powner?

Mr. POWNER. Mr. Chairman, I don't have those specifics, but I will say this: these volumes we are talking about, if you go to examples like IRS on e-filing and the volume they handle with people filing taxes in the eleventh hour, this is the same problem that the IRS deals with on an annual basis. What you need to do is you need to appropriately plan for your performance in stress-testing,

and there is fundamental questions whether that was adequate here.

Chairman ISSA. Well, and that is what we are going to discover throughout the panel today.

Mr. CHAO, I told you I would come back to you. You testified under oath, on pages 151 and 152, on the Minority's questions, that basically, and I will paraphrase because of time, this site, the Anonymous Shopper function did not work. Now, we have seen a document with CMS on it dated September 25th that said it passed that test. Is it that you did not know it had passed the test when you made your statement saying that it failed?

Mr. CHAO. Well, first off, Chairman, I would like to say that after working with your staff for eight, nine hours, as well as the Minority staff, going through this transcribed interview, I have not had a chance to look at this, so this is the first time I am actually seeing the results of that day, so—

Chairman ISSA. Wait a second. Look, your job is to know what is in the site. The CMS report that said, and this is September, before the launch, that the test had been passed successfully on the Anonymous Shopper. You testified that it wasn't and that is why it was turned off.

Mr. CHAO. Correct.

Chairman ISSA. Are you prepared to say under oath that the Anonymous Shopper was turned off by your knowledge, not your guess, not your hypothetical, but are you prepared to say the Anonymous Shopper was turned off because it failed the test? And that would be your knowledge based on what you knew.

Mr. CHAO. My words were not that it was turned on or off. I think that is actually technically incorrect. I said it was not made available because it failed testing. So you hand me this page 151, 152, which I have not reviewed as far as correctness and accuracy, and I suppose you are handing me this other document that says—

Chairman ISSA. Mr. Chao, what we are doing is we are saying that CMS documents show that the Anonymous Shopper tested positive, it worked. You said under oath, and I am sorry that you may not have remembered what you said under oath, but when the Minority asked you what is normally nice questions, self-serving questions, help you rehabilitate yourself questions, they are on your side, you said effectively that you gave a reason, which the ranking member used in his opening statement effectively, that the Anonymous Shopper was turned off for reasons other than political.

Mr. CHAO. Because I have—

Chairman ISSA. We believe the Anonymous Shopper, the easy front door, the I just want to know what it is going to cost was not on, and if in fact if it was on, Mr. Park has said this had different components. That portion could have been much more effective. The American people could have gotten on and shopped.

Mr. CHAO. This line of questions that I was answering about Anonymous Shopper is in the context of my knowledge, under oath, that it did not pass testing, and I have documents that show it did not pass testing.

Chairman ISSA. Okay, so, when—Mr. Chao, my time has expired, but when HHS and CMS deliver us documents showing that it

hasn't passed, we can have you back. Right now the documents provided to us by the vendor show that it did pass on a CMS document. That document is placed in the record. If anyone else would like to understand that you have said it failed test, they said it passed test. This Administration, in their absence of transparency, has refused to give us the documents showing it failed test, but the document we have today, which says CMS all over it, which is in the record, says it passed test. It passed the test. You said under oath it failed the test. Our problem is the people you work for won't give us the documents so we can fully understand that, just as the people you work for won't answer a simple question to the Ways and Means Committee, which is how many people have signed up, even under a subpoena.

With that, I recognize the ranking member to try to rehabilitate your testimony.

Mr. CUMMINGS. Mr. Chairman, let me be clear that we have staff who work just as hard as yours. It is not about self-serving, it is about getting to the truth, and I would not insult your staff—

Chairman ISSA. I wasn't insulting your staff.

Mr. CUMMINGS. Well, I take it as an insult.

Chairman ISSA. What I said was that—

Mr. CUMMINGS. It is not about self-serving; it is not about rehabilitating. It is about trying to get to the truth, period, the truth and nothing but the truth. And I am not going to try to rehabilitate, as you said, Mr. Chao.

Chairman ISSA. Well, maybe you can get him to give us the documents.

Mr. CUMMINGS. I think in a few moments somebody else on this panel will present the documents that there is something that you did not disclose just now that will be brought out to show that your statements are inaccurate.

Now, Mr. Park—

Chairman ISSA. Would the gentleman yield?

Mr. CUMMINGS. Of course. Somebody else will bring it up, another member.

Chairman ISSA. So somebody else will rehabilitate—

Mr. CUMMINGS. No, no, no, no, no. No. No. No. Again, we will show you the document that there are some things that you have been blacked out that you have not disclosed, and we will show you those in a few minutes.

Now, if I may proceed.

Mr. Park, although we have not met before today, I understand that you have an outstanding reputation in the IT community. I did not know this previously, but the cofounder of your former company is Jonathan Bush, of Athena Health, who is the cousin of former President George Bush, is that right?

Mr. PARK. Yes, sir.

Mr. CUMMINGS. I have a quote here that Mr. Bush, the cousin of the former president, gave to a reporter a few weeks ago, and he says this about you: "Todd is uniquely thoughtful, dedicated, and precise. He is a manic problem-solver, blind to partisanship. If there is anyone who can fix the problems with the exchanges, it is Todd."

Mr. Bush also said that you are working so hard to improve the website that you “spent the first week of October sleeping on the floor of his office as he tried to help get Healthcare.gov off the mat.” Is that right?

Mr. PARK. Yes, sir.

Mr. CUMMINGS. Well, your reputation certainly precedes you. Unfortunately, however, last week Chairman Issa appeared on Fox News and accused you and other political appointees of engaging in a “pattern of interference and false statements related to this site.”

That is a serious attack against your integrity. I don’t want to get into anyone’s intent or motives here, but I do want to give you an opportunity to respond directly. And this is not unusual for me, because I realize that we are all on this Earth for a short while and that our reputation is all we have. And since those statements were made about you, I would like to give you an opportunity to respond.

Mr. PARK. Thank you, sir. Thank you for the opportunity. And, again, I don’t take any of this personally; it is a fast-moving situation with a lot going on. So I would just say this, that it was the case, absolutely, that volume was a key issue that hit the site. It is still an issue for the site, although we have greatly expanded and are expanding the ability for the site to accommodate volume. I relayed my best understanding at the time in each of my statements. It is the nature of things that as you do more painstaking diagnosis of a system, you learn more about what you need to do to fix it, and I can say now that, in addition to volume, there are other key issues that have to be addressed with the site in terms of its performance, in terms of its stability, in terms of its functionality, and there are aggressive efforts happening to do that which are making great progress, so it is getting better and better each week with the work of a tremendous team led by Jeffrey Zients and Ms. Tavenner, of which I am proud to be a small part. But you have my assurance that at each part along the way, if I am ever asked a question, I will tell you what I know to the best of my ability, my best understanding, and that is what I will continue to do as my understanding gets better and better.

Mr. CUMMINGS. Well, let me ask you this. Did you engage in a “pattern of interference and false statements?”

Mr. PARK. No, I did not. I relayed my best understanding at the time, and I will continue to do that. As my understanding gets better, I will relay that, absolutely.

Mr. CUMMINGS. Before you were subpoenaed to come here today, your office wrote a letter describing your extreme demanding workload for the next two weeks and offering to testify in December instead. Was this concern coming just from your office or was it really a legitimate concern of yours that you would be pulled away from the website issues to prepare for testifying here today?

Mr. PARK. So it has never been a question of if I will testify, it was just a question of when. It had been the hope of me and the team that is working to fix the site that I could continue to focus intensely on helping to fix the site this month and come back in a few weeks. That being said, I understand that the chairman came to a different decision. I respect that decision. I am the son

of immigrants from Korea. I have incredible love for this Country. I have huge respect for the institution of Congress and its role in our democracy, and if the committee wanted me to be here today and decided I should be here today, then I am happy to be here today and make the time to answer your questions.

Mr. CUMMINGS. Although I understand that the website—

Chairman ISSA. The gentleman's time has expired.

Mr. CUMMINGS. Mr. Chairman, I just ask for the same amount of time you had.

Chairman ISSA. I let you ask the last question after your time had expired, and it was completed.

We now go to the gentleman from Florida for five minutes.

Mr. TIERNEY. Mr. Chairman, I think it was about almost four minutes that you exceeded your time by that. Is there—

Chairman ISSA. I went to one question after the end, which was Mr. Chao, which—

Mr. TIERNEY. Four minutes. I am only asking—

Chairman ISSA. The gentleman is recognized.

Mr. TIERNEY. Well, you are not going to run a fair hearing, you are just going to go out and do this all the way.

Chairman ISSA. The gentleman from Florida is recognized.

Mr. MICA. Thank you for yielding.

It is kind of interesting to see, as ObamaCare implodes, how everybody is running for cover. Yesterday we saw the former President of the United States, Bill Clinton, throw the current President under the bus, so to speak, on this issue. Today we heard the other side, Mr. Cummings, our Democrat leader, start out by citing that the problem with this is Republican governors, that a lot of them opted for an exchange.

Mr. Chao, are these governors Arkansas, Delaware, Illinois, Missouri, Montana, aren't they all Democrat governors and they opted out of the exchange? Are you aware of that? Well, they are, just for the record. But it is interesting to see how they run for cover.

I have a question for all of you. Each of you I want to ask you this question. It is obvious that ObamaCare was not ready for prime time from both an IT performance ability and also from a security standpoint. Were you aware of that, Mr. Powner, before October 1st?

Mr. POWNER. GAO did issue a report—

Mr. MICA. Were you—okay.

Mr. POWNER.—in June that there was a lot to do in a compressed schedule, correct.

Mr. MICA. Yes.

Were you aware of it, Mr. Chao?

Mr. CHAO. Can you repeat the question again?

Mr. MICA. That ObamaCare was not ready from an IT operational standpoint and also from a security standpoint for prime time on October 1st. Were you aware of it?

Mr. CHAO. I was aware that there was security testing—

Mr. MICA. You were aware that there were problems. Okay.

Mr. CHAO. And that there were no high findings in security testing.

Mr. MICA. I said from an operational. So you thought it was operational.

Mr. CHAO. I am just trying to answer your question.

Mr. MICA. Well, operational and security.

Mr. Baitman?

Mr. BAITMAN. I was aware that various modules that were to be part of the system were——

Mr. MICA. Weren't working.

Mr. BAITMAN.—were being removed.

Mr. MICA. Mr. Park, anything on security? Mr. Park, operational and security.

Mr. PARK. As I recall, sir, no.

Mr. MICA. OH, OKAY.

Mr. VanRoekel?

Mr. VANROEKEL. I am aware that any system, private sector or public sector——

Mr. MICA. What about the security?

Mr. VANROEKEL.—needs constant addressing of security.

Mr. MICA. What about the security issue?

Mr. VANROEKEL. Any system needs constant—security needs to be constantly addressed.

Mr. MICA. Did you review a document prepared by MITRE that reviewed—this hasn't been released yet, but it reviewed the security testing and capability?

Mr. VANROEKEL. No, sir, I didn't see that.

Mr. MICA. You did not see this, September 23rd, that highlighted some of the issues? Okay.

First of all, it looks like political decisions got us into this strait. You commented, Mr. Chao, to our committee that you had to have regulations in place to go forward to make decisions on the construct, right?

Mr. CHAO. Correct.

Mr. MICA. And there were regulations that were not imposed, and I think you also intimated that some of them were stopped by the White House prior to the election.

Mr. CHAO. No, I did not.

Mr. MICA. Okay. Mr. Chao, you said the delay in the issuance of regulations guidance was a significant problem in compressing the time frame and actually the White House pressure to stop those regulations coming out before the election, because they didn't want folks to know what was coming. You are not aware of that?

Mr. CHAO. Well, I think you are paraphrasing from my testimony, which I——

Mr. MICA. Okay. Well, here is your comment to our staff: You can't test the system without requirements, so if requirements are coming in late, then obviously you are going to be a little nervous. Was that your statement?

Mr. CHAO. I think that holds true for any——

Mr. MICA. That is what we have. That was your statement. Okay, so——

Mr. CHAO. My answer in the context was for any development project that requires requirements in order to build the system in a compressed time frame——

Mr. MICA. Did you know that security and the testing was done by MITRE, of security, is that correct?

Mr. CHAO. MITRE and Blue Canopy.

Mr. MICA. Okay, both respectable firms. And this is the MITRE report. MITRE was unable to adequately test confidentially and integrity of the exchange system in full. Are you aware of that?

Mr. CHAO. Well, that seems actually true and appropriate, because the full system isn't built.

Mr. MICA. But it was never fully tested? Has it been tested?

Mr. CHAO. No. I think what it is referring to is that there are other components of the Marketplace program that still need to be built.

Mr. MICA. Sir, can you sit here and tell us that there are not heightened risk of unauthorized access, non-encrypted data, identity theft, and loss of personal identifiable information?

Chairman ISSA. The gentleman's time has expired.

Mr. CHAO. That was—

Mr. MICA. And Mr. Powner, can he also answer to that?

Mr. CHAO. That was my reply in response to a decision memo in which we wanted to generally highlight the potential risk that is applicable to any system of this magnitude that is servicing the public and collecting information about people.

Chairman ISSA. Mr. Powner, if you had anything else, briefly.

Mr. POWNER. Your staff shared that document with me. I think the key is that was an early assessment, not on the complete system, and a key question going forward is what has been done in terms of security testing and assessment while the system continues to be built.

Chairman ISSA. Thank you.

The gentlelady from New York, Mrs. Maloney.

Mrs. MALONEY. Thank you. I would like to thank all of the panelists for their public service and thank the chairman and ranking member for this oversight hearing. There is a success story in the State that I am privileged to represent, New York State. Nearly 50,000 New Yorkers have enrolled in health insurance plans through the New York State health program. Almost 200,000 New Yorkers have completed full applications on the New York State of Health. Additionally, the State's customer service center operators have provided assistance to more than 142,000 New Yorkers. And the rates for the plans represent a 53 percent reduction compared to the previous year's individual rates, and in addition to the cost savings, it is estimated that nearly three-quarters of individual enrollees will qualify for financial assistance. This is according to an official State report from New York. So this is certainly good news.

But we do need improvements on the Federal user experience, and I would like to ask Mr. Park have improvements been made daily on the website? Are you working to make improvements every day?

Mr. PARK. Thank you so much for the question, and it is terrific news coming out of New York. So the answer to your question is people are working every day to make things better. I would say the site is getting better week by week. Some days are better than others, but if you look at the trend line, week over week things are getting better. So, for example, one metric of the user experience is what is called system response time. This is the rate at which the website responds to user requests like displaying a page that

you want. Just a few weeks ago that rate was, on average, eight seconds across the system, which is totally unacceptable. It is now actually under a second today.

Mrs. MALONEY. Well, that is really good news. How much faster can the public expect the website to be? Now you are under a second, is that what you are saying?

Mr. PARK. On average, yes.

Mrs. MALONEY. On average?

Mr. PARK. Yes.

Mrs. MALONEY. Well, can the public expect—can you make it any faster than a second?

Mr. PARK. Yes. The team believes that it can, the team doing this, and we are most of the way, I think, in terms of average response time that we want to be. We want to get it down further. We are also actually, thanks to—

Mrs. MALONEY. So I would say that reducing wait time has become a priority, right? And that certainly will help enrollment numbers, don't you think, Mr. Park?

Mr. PARK. That is right. Yes, ma'am.

Mrs. MALONEY. Okay, great. That is terrific. Now, are accounts registering properly at this time? Was that problem solved?

Mr. PARK. That problem has actually largely been solved. That was, of course, a significant problem up front that folks experienced. But thanks to expanded capacity, thanks to system configuration changes and code fixes, that problem has largely been solved. People can actually get through the front door and begin the application process and start shopping for affordable health options.

Mrs. MALONEY. So how many registrations can the system handle now? Congratulations on solving that, by the way.

Mr. PARK. So I believe that the latest number the team reports is about 17,000 registrations an hour, and the plan is to actually up that in terms of new accounts being created. Then, of course, people who have registered previously are coming back and coming back and coming back to keep working on their application, shop for plans, etcetera.

Mrs. MALONEY. And how are you reaching out to people who may have been discouraged and encouraging them to come back and try again? Is there any effort to reach out to them or just the notices that it is happening?

Mr. PARK. Yes, ma'am. So CMS is currently engaged in an effort to begin to reach out to folks who actually got stuck in the application process and encouraging them to come back and make it through the front door and start applying for coverage.

Mrs. MALONEY. Are there resources there to help people navigate the process? I am hearing they are confused often. Is there any resources there to help them figure it out?

Mr. PARK. Yes, ma'am. There is Help text, there is also the call center, and the team is also working quite vigorously to keep improving the user interface and the flow so that you need less help, so that it is more and more clear to you at particular points what to do.

Mrs. MALONEY. And how are you assessing or distributing the feedback that you are getting from users that have used the system

and want to tell you how they can make it faster? But I don't see how you could make it any faster than a second, quite frankly. But how are you communicating that feedback from users?

Mr. PARK. You can make it faster, by the way, and so people are working on that. But there is feedback coming from a variety of different sources; from users, from folks in the field, from the call center, from testers, and that is actually being fed into a list dynamically kept on an ongoing basis of things to do in priority order to make the website better and better.

Mrs. MALONEY. And I understand that the Hub, the data Hub is working well. Is that correct?

Mr. PARK. The Hub has worked extremely well from day one. It supports actually not just the Federal Marketplace, but all the State Marketplaces, including New York's great success; and that continues to hum along very nicely.

Mrs. MALONEY. Well, thank you. My time has expired and I see that sleeping on the floor is paying off in your hard work. Thanks.

Mr. PARK. The team. It is the team. I am just part of it; the team is doing the work.

Mrs. MALONEY. Your team. Congratulations. Thank you.

Mr. PARK. The team.

Chairman ISSA. I thank the gentlelady.

We now go to the gentleman from Tennessee, Mr. Duncan.

Mr. DUNCAN. Thank you very much, Mr. Chairman. While I am very skeptical about the Government's ability to run our health care system, what I am more concerned about or object to more is all the sweetheart insider deals that Government contractors get under these programs and all the people and companies that are getting filthy rich off of these programs.

I have an estimate here on the cost of all the technology, the estimate of OMB as of August 30th, before all the problems surfaced, and they said we would spend \$516.34 million on the technology. Now we have seen estimates way above that. So I have a question about that, about how much all this is going to cost us to straighten this out and are these going to be continual costs each year? Are we going to have to spend more and more and more on the technology?

But secondly, and a greater concern, I have two stories here, one from The Washington Post about 10 days ago and one from CBS News a couple days later, and they say the Administration knew three and a half years in advance that these problems were going to occur. The Washington Post story says in May 2010, two months after the Affordable Care Act squeaked through Congress, President Obama's top economic aids were getting worried. Larry Summers, director of the White House's National Economic Council, and Peter Orzag, head of the Office of Management and Budget, had just received a pointed four page memo from a trusted outside health advisor that warned that no one in the Administration was up to the task of overseeing the construction of an insurance exchange and other intricacies translating the 2,000 page statute into reality.

So what I am asking, and I welcome comments from anybody on the panel, how much is all this going to cost to straighten out these problems that we now know that we have? And, secondly, how long

is it going to take, when the Administration or you all have had three and a half years warning that this was going to happen? How much longer is it going to take to straighten all this out?

Chairman ISSA. Mr. Powner, you seem to be giving the best answers.

Mr. POWNER. I can comment on the cost figure, what we know to date. If you look at OMB documentation, there are exhibits where you report spending by fiscal year, and through the fiscal year 2013, so by the end of September, it was north of \$600 million spent. Now, I will caveat that by saying that did include IRS costs associated with that and some other Government agencies; it wasn't just all CMS and HHS.

But your question about what it is going to cost to fix, that is where we are kind of blind to that, and I think that is a key question, how much that will end up being.

Mr. DUNCAN. All right. Does anybody know? If we have spent \$600 million already, and it is not working, does anybody have any idea how much all this is going to cost us in the end? Nobody knows?

Then go to the second question. How long is all this going to take? If you have had three and a half years to get ready for this and we had all these promises about you can keep your plan, you can keep your doctor, your health care cost premiums are going to go down by as much as \$2500, and we now know that all that was false or incorrect, how much longer is it going to take, another three and a half years to get this straightened out?

Mr. VANROEKEL. I think it is important to note, sir, that Americans are getting insurance today, that the system is passing through and people are registering. The focus today, as I said in my opening statement, is about continuous improvement and making sure that we make that even better and stronger, and that more and more people—

Mr. DUNCAN. Millions are getting their policies canceled and more are getting sticker shock because of premium increases, too. But I am just wondering. What I am asking about is all the technology. If we have had three and a half years that the Administration has known that this was going to happen, and they couldn't fix it in three and a half years, how much longer is it going to take us?

Chairman ISSA. Would the gentleman yield?

Mr. DUNCAN. Yes, sir.

Chairman ISSA. You know, we have two distinguished individuals from the private sector, and I would suspect that at Athena and at Microsoft they knew what their burn rate was, they knew what their time was. In fact, neither of their companies would exist if they had launched their product quite like this. Even Windows Vista launched better than the Obama website.

But the gentleman could include their experience in the private sector, if they would like to compare this launch with the launch of each of their companies.

Mr. VANROEKEL. I think it is important to note on this the way that Federal budgeting and Federal IT is managed and empowered, and I think FITAR actually emphasizes this, as well as many of the memos and things that I have put out, is empowering agencies

to do their mission work, to execute against the budget. We formulate the budget within the Office of Management and Budget, and then the Congress and the appropriators actually grant that budget to the agencies to then execute; and the tools that we build to track, spend, to make sure that diligence is happening on that are all about empowering the agency to make those smart decisions about what they do. So in the private sector it is not directly parallel because you are not, from our position, on the ground actually running these programs day-to-day.

Chairman ISSA. You are begging an angel capitalist to give you one more chunk of money that he may or may not give you.

With that, we go to the gentlelady from the District of Columbia for her five minutes.

Ms. NORTON. Thank you, Mr. Chairman. And although you have called witnesses who are being asked to fix a plane while it is in the air, I do believe oversight is appropriate in light of the round of surprises we have had.

Let me try to clear something up, Mr. Chairman. Mr. Chao got a round of questions about the preflight checklist, and I do have a document that said testing successfully, yes. I don't know if that means conducted a test or what, because if you look more deeply into the document, and you didn't have this before you, where you have the CGI checklist, that defect report, it is entirely consistent, Mr. Chao, with what you have said because this defect report says there were 22 defects.

Chairman ISSA. Would the gentlelady make that document available?

Ms. NORTON. I would be glad to make this available to you and to the press.

I am also troubled by how the committee often pulls the White House into these matters without any evidence. The White House, in this case, the rollout is accused of not knowing enough and now they have been accused of directing matters with respect to the Anonymous Shopper function. Even the chairman has said that publicly on television.

So I would like to ask Mr. Chao about that issue. And the question really has to do with whether you were forced to register and then shop, whether that change was made from shop, then register to register, then shop; whether that change was made because of the involvement of the White House in any way.

Mr. CHAO. Absolutely not. It was a decision made on the results of testing. It would be pretty egregious, and I understand that a lot of folks are wondering why the website is functioning the way it is, but to consciously know that it failed testing and to then put it into production for people to use is not what we do. We use the best available information, and if the test results show that it is not working, we don't put it into production.

Chairman ISSA. Would the gentlelady yield?

Ms. NORTON. I certainly will, Mr. Chairman, if you will make sure I get my time

Chairman ISSA. Of course.

Would you stop the clock?

You know, the gentlelady's information, I have been told, the one that you are referring to, is in fact a roll up to the decision that

it had passed. In other words, your document is not inconsistent with it. I think Mr. VanRoekel made it clear that they are still fixing XP, after they no longer support it. So I think the conclusion of the document is clear. You are asking Mr. Chao. He is still saying that this thing failed the test, when in fact documents show it passed the test. Was it perfect? No. But if you could only get six people registered on day one and only 240 registered on day two, some might say that the website was not passing the test in those first two days either. So hopefully that document, you can make it available to all of us, but I have been told that that is simply part of the supporting documents for the conclusion that CMS has in their own documents, which is that that portion which was excluded, and we have been told in testimony that, in fact, they were told by people at CMS to turn it off and that those people were being instructed by people at the White House.

Ms. NORTON. Let me clear that up, Mr. President.

Chairman ISSA. Okay.

Ms. NORTON. I mean Mr. Chairman.

Chairman ISSA. I just want you to understand that contractors told us—

Ms. NORTON. Well, Mr. Chairman, let's look at the document. Let's have people look at the fine print and decide when these 22 defects were noted, because I got it in black and white here.

Now, you say the White House did not say to turn off the Anonymous Shopper, Mr. Chao, was that your testimony?

Mr. CHAO. Yes.

Ms. NORTON. Because the allegation of the chairman was that the White House ordered it because they wanted to avoid sticker shock. I remember seeing that on, I think, television. Now, just let me say something about sticker shock. I had a staff member go on just to test the DC Health Link, which is where we all will have to go, and she found that the same—there are 267 different policies, insurers on DC Health Link, and she found that the same Blue Cross Blue Shield she is now getting from the Federal employment program she can get for between \$160 and \$220 less. So if there is sticker shock, at least some people are finding sticker shock works the other way.

But I want to drill down on this decision from the White House. Was there White House directive that because—the decision came not because—I want to make sure your testimony remains, because there has been some difference the chairman cited—that there was no White House directive, but the reason for pulling the Anonymous Shopper was because the function failed testing, does that continue to be your testimony?

Mr. CHAO. Correct. If we would have put it into production, even though it is anonymous shopping nor browsing, it requires some attributes about your preferences, your demographics to approximate potentially what premium tax credit ranges you would qualify for so that you can then move into shopping or plan compare. It didn't work in either calculating the approximate premium tax credit, nor did it work in plan compare, so if we allowed people to go through that, they would have gotten erroneous information and that would have been much worse than not having it at all.

Ms. NORTON. I have already pointed to a document. By the way, this document is from September.

Now, did you get—

Chairman ISSA. The gentlelady's time has expired. Would you briefly finish?

Ms. NORTON. Did you get any direction from the White House to disable or to delay the shopper function and were there any political considerations that went into your decision to do so?

Mr. CHAO. None whatsoever. I look at the facts of whether a system is going to be ready. And, of course, not everything is always 100 percent perfect, and there are certain tolerances, but in this case it failed so miserably that we could not consciously let people use it.

Ms. NORTON. Thank you, Mr. Chairman.

Chairman ISSA. I thank the gentleman.

We now go to the gentleman from North Carolina, Mr. McHenry. Could you yield for just 10 seconds?

Mr. MCHENRY. Happy to.

Chairman ISSA. Thank you.

Mr. Chao, if it couldn't calculate the prices properly, is it your testimony that when people went through the back door, those six that got through on the day one, that it did calculate what their plan and let them shop through another part, a completely different portal?

Mr. CHAO. If you don't go through what was—

Chairman ISSA. No, no, no. I have taken six seconds from the man and I don't want to go passed a few seconds.

Mr. CHAO. If you fill out an online application and you put your information in, you get an eligibility determination, you ask for financial assistance—

Chairman ISSA. Yes, you go through everything. But you are saying you didn't get the right price through the same software that would determine the right or wrong price—

Mr. CHAO. No. Anonymous shopping was using different software.

Chairman ISSA. Oh, yeah. Okay. That remains to be seen.

Mr. McHenry, thank you.

Mr. MCHENRY. Mr. Chao, all my constituents care about and want to know is when they log on, is their data, all their personal identifiable information, is that as secure as if they do online banking.

Mr. CHAO. It was designed, implemented—

Mr. MCHENRY. I mean, that is a yes or no question.

Mr. CHAO. It was designed, implemented, and tested to be secure.

Mr. MCHENRY. So it was fully tested in best practices under the Federal Government standard for IT proposals.

Mr. CHAO. Correct.

Mr. MCHENRY. It was?

Mr. CHAO. It was security assessment testing conducted by MITRE and another company.

Mr. MCHENRY. Okay. So it is fully tested as the other IT projects you have overseen into that same standard.

Mr. CHAO. I am trying to understand what you mean by fully tested. It was tested—

Mr. MCHENRY. Fully tested? Holy cow. This is like a new low. Okay, then let me use the—

Mr. CHAO. There are a lot of—

Mr. MCHENRY. Best practices are a complete integrated testing, is that correct?

Mr. CHAO. It is tested and prescribed under the FISMA framework and NIST controls that are specified as a standard.

Mr. MCHENRY. Okay. So why did your boss resign?

Mr. CHAO. He didn't resign.

Mr. MCHENRY. Okay. So due to security readiness issues—

Mr. CHAO. I think he decided to make a career change, which I can't speak to.

Mr. MCHENRY. I think it was a fantastic time to hightail it out after this great rollout. So let me ask another question. So Marilyn Tavenner signed the authority to operate memorandum. Traditionally, would your office sign a memorandum or have you signed previous memorandums on authority to operate?

Mr. CHAO. Myself, I have not.

Mr. MCHENRY. Has your boss, or previous boss?

Mr. CHAO. Not that I know of. But I do not manage the ATO sign-off process, that is done between the chief information officer and the chief information security officer.

Mr. MCHENRY. Okay. And they would traditionally do it, not the CMS administrator.

Mr. CHAO. I think you would have to ask them.

Mr. MCHENRY. Okay. Fantastic. We plan to do that.

Let me ask you, Mr. Park, you said on USA Today, on October 6, "These bugs were functions of volume. Take away the volume and it works," referring to Healthcare.gov. It was in the fourth paragraph. Do you still stand by that statement?

Mr. PARK. Thank you for the question. What I was specifically referring to—

Mr. MCHENRY. No, no. Do you still stand by—

Mr. Chairman, I ask unanimous consent to submit this for the record.

Have you seen this USA Today—

Chairman ISSA. Without objection, so ordered.

Chairman ISSA. And the question is on the statement, not on what you would want someone else to believe today.

Mr. MCHENRY. These bugs were function of volume. Take away the volume and it works. Do you still stand by that?

Mr. PARK. So I stand by the fact that the bugs that the reporter was referring to, which were issues users were experiencing in account creation up front, were in fact functions of volume. What I will say now, based on additional understanding, is that in addition to volume, which was a challenge, the account creation process was, later on, also affected by particular functionality bugs, which have been fixed, most of which have been fixed, along with volume capacity expansion and other system configurations—

Mr. MCHENRY. So, Mr. Park, let me tell you a story. I have a woman named Sue who logged on. She filled out everything else. She did not fill out her middle initial. She got a processing error.

She went back to try to fix it, put in the middle initial. She had to wait 48 hours to get another update. Turns out that her income was not verifiable because she put in a monthly income. She calls a navigator, the navigator says, yeah, we have some problems with that; maybe you can do it on an annualized basis. Well, unfortunately, she couldn't get back into the system, so then has to call back for another navigator and the navigator says, gosh, we have a little issue here, so let me try an annualized income and put it in on the back end that navigators can do. She is still waiting. She started on October 1st. She is still waiting to be successfully logged in to this website that you said these bugs were functions of volume; take away the volume and it works.

This is such a deeply flawed data rollout, and my constituents are most concerned about trying to sign up, much less when they do sign up that they don't have their data stolen.

Mr. Chairman, I yield back.

Chairman ISSA. I thank the gentleman.

Mr. Park, you can answer, if you see a question there.

Mr. PARK. That would be great. Thank you. So I was actually talking specifically about issues with account creation. There are issues downstream as well, and, again, each time I speak with you, each time I speak, I will relay the best understanding I have and try to be as precise as I can be.

Chairman ISSA. I thank you.

We now go to the gentleman from Virginia, Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman, and let me begin on a bipartisan note. Mr. Chairman, you and I helped write, joining together, the FITAR Act requiring reform of Federal IT acquisition. Mr. VanRoekel, you seem to have been equivocal, maybe, at our last meeting in January when you testified here, but I want to read to you a statement by the President of the United States. He said, just recently, one of the lessons learned from this whole process on the website is that probably the biggest gap between the private sector and the Federal Government is when it comes to IT; how we procure it, how we purchase it. This has been true on a whole range of projects.

A reasonable inference from that statement could be drawn that perhaps we do need some more legislation, some new legislation to free up some of the moribund rules—

Chairman ISSA. Would the gentleman yield?

Mr. CONNOLLY. If we could freeze my time.

Chairman ISSA. Of course. I couldn't agree with you more that, in fact, one of the lessons that I hope all of us take out of this hearing today is that we have two people from the private sector who know that they would never do a process like this one was done, and yours and my legislation is really about trying to create at least a modicum of similarity in IT procurement in the Federal Government the way it is done in the private sector. And I thank the gentleman for his comments.

Mr. CONNOLLY. I thank the chairman.

So I commend to Mr. VanRoekel the statement of the boss.

Mr. Chao—

Chairman ISSA. So now I am the boss?

Mr. CONNOLLY. No. Well, you are too.

Chairman ISSA. Oh, you mean the President.

Mr. CONNOLLY. The other boss.

Chairman ISSA. Ah, yes. His boss.

Mr. CONNOLLY. The big boss.

Mr. CHAO, during your interview with committee staff on November 1, you were presented with a document you had not seen before and it was titled Authority to Operate, signed by your boss on September 3rd, 2013, is that correct?

Mr. CHAO. Correct.

Mr. CONNOLLY. The Republican staffers told you during that interview that this document indicated there were two open high-risk findings in the Federally-facilitated Marketplace launched October 1, is that correct?

Mr. CHAO. Correct.

Mr. CONNOLLY. This surprised you at the time.

Mr. CHAO. Can I just qualify that a bit? It was dated September 3rd and it was referring to two parts of the system that were already—

Mr. CONNOLLY. You are jumping ahead of me. We are going to get there.

So when you were asked questions about that document, you told the staffers you needed to check with officials at CMS who oversee security testing to understand the context, is that correct?

Mr. CHAO. Correct.

Mr. CONNOLLY. The staffers continued to ask you questions, nonetheless, and then they, or somebody, leaked parts of your transcript to CBS Evening News, is that correct?

Mr. CHAO. It seems that way.

Mr. CONNOLLY. Since that interview, have you had a chance to follow up on your suggestion to check with CMS officials on the context?

Mr. CHAO. I have had some discussions about the nature of the high findings that were in the document.

Mr. CONNOLLY. Right. And this document, it turns out, discusses only the risks associated with two modules, one for dental plans and one for the qualified health plans, is that correct?

Mr. CHAO. Yes.

Mr. CONNOLLY. And neither of those modules is active right now, is that correct?

Mr. CHAO. That is correct.

Mr. CONNOLLY. So the September 3rd document did in fact not apply to the entire Federally-facilitated Marketplace, despite the assertions of the leak to CBS notwithstanding, is that correct?

Mr. CHAO. That is correct.

Mr. CONNOLLY. And these modules allow insurance companies to submit their dental and health plan information to the Marketplace, is that correct?

Mr. CHAO. Correct.

Mr. CONNOLLY. That means those modules do not contain or transmit any personally identified information on individual consumers, is that correct?

Mr. CHAO. Correct.

Mr. CONNOLLY. So, to be clear, these modules don't transmit any specific user information, is that correct?

Mr. CHAO. Correct.

Mr. CONNOLLY. So when CBS Evening News ran its report based on a leak, presumably from the Majority staff, but we don't know, of a partial transcript, excerpts from a partial transcript, they said that security issues raised in the document "could lead to identity theft among buying insurance," that cannot be true based on what we just established in our back and forth, is that correct?

Mr. CHAO. That is correct. I think there was some rearrangement of the words that I used during the testimony and how it was portrayed.

Mr. CONNOLLY. So to just summarize, correct me if I am wrong, the document leaked to CBS Evening News did in fact not relate to parts of the website that were active on October 1, they did not relate to any part of the system that handles personal consumer information, and there, in fact, was no possibility of identity theft, despite the leak.

Mr. CHAO. Correct.

Mr. CONNOLLY. Thank you, Mr. Chao.

I yield back.

Chairman ISSA. Would the gentleman yield your 26 seconds?

Mr. CONNOLLY. Yes, Mr. Chairman.

Chairman ISSA. Have you read the November 6th letter from the ranking member to me?

Mr. CONNOLLY. Yes. In fact, I think I cosigned that letter.

Chairman ISSA. Oh, that is good. So the gentleman is well aware that even today there are significant security leaks that the ranking member was concerned, if discovered, would allow hackers to take people's private information, that there is a security risk, and that was cautioned by you not to let that out. Susannah will give you the answer, if you will just let her. Okay, I hear none.

Mr. CONNOLLY. I am sorry, I am not following the quote.

Chairman ISSA. Well, I was trying to let the staff speak to you, but the bottom line is that there are security risks today, according to you and the ranking member. This website still has vulnerabilities, if discovered, that would lead to personal information coming out, is that correct, in your letter?

Mr. CONNOLLY. Mr. Chairman, that may be, but I am talking about a deliberate leak that, frankly, distorted reality based on two modules that were inactive and using that misinformation to suggest that it applied to, in fact, the active website.

Chairman ISSA. But end-to-end security problems in your letter do apply to the active website, right?

Mr. CONNOLLY. Well, they may, Mr. Chairman, but right now my questioning to Mr. Chao had to do—

Chairman ISSA. No, I understand you are rehabilitating Mr. Chao.

Mr. CONNOLLY. No, I am not. Mr. Chairman—

Chairman ISSA. But the question is—

Mr. CONNOLLY. Mr. Chairman, Mr. Chairman, let's be fair. I am trying to get the facts on the record and correct a deliberate smear against Mr. Chao. Not to rehabilitate him, but to, in fact, get the truth out because someone deliberately leaked something and distorted it, Mr. Chairman, in the name of this committee.

Chairman ISSA. No, I appreciate your concern. My concern is—

Mr. CONNOLLY. I am glad you do, Mr. Chairman.

Chairman ISSA.—Mr. Chao had the MITRE report and it is that report that, even redacted, you didn't want released because it shows a roadmap to the vulnerabilities of the site as it is today. That is your letter.

Mr. CONNOLLY. Mr. Chairman, I began my questioning by acknowledging our joint bipartisan effort to in fact try to legislate reforms in IT acquisition. That is an acknowledgment on my part, and yours, that, in fact, the Federal IT acquisition process is broken, whether it is this example or some other. So I have no desire, no motivation to hide anything. But I am concerned at a pattern of calling people to give us testimony and cherry-picking their testimony to make a political point that, frankly, does not serve this committee well in terms of its oversight role and does damage to good public servants' reputation.

Chairman ISSA. I appreciate the gentleman's bipartisan efforts.

Mr. CONNOLLY. I thank the chair.

Chairman ISSA. Mr. Jordan is recognized.

Mr. JORDAN. I thank the chairman.

Mr. Chao, a week ago the President was interviewed last Thursday and was asked about Secretary Sebelius, and the President defended his health secretary—I am quoting from the Chuck Todd interview—defended his health secretary, argued that the website bugs aren't necessarily her fault. "Kathleen Sebelius doesn't write code. She wasn't our IT person."

Who is the IT person? Who is the person in charge? Who is the person responsible? Who is the one who signed off on this before it went public?

Mr. CHAO. The person that is responsible is our administrator, Marilyn Tavenner.

Mr. JORDAN. And did she base her decisions on the memo you sent her on the 27th, is that right? Isn't that the Authority to Operate memo?

Mr. CHAO. I think that is—

Mr. JORDAN. I mean, the President talked about IT person. Ms. Tavenner is not an IT person. Who is the IT person? Is that Mr. VanRoekel?

Mr. CHAO. I don't know.

Mr. JORDAN. Is that Mr. Park? Is it Mr. Chao? Which of you is that person?

Mr. CHAO. I don't know, I didn't speak to the President.

Mr. JORDAN. No, but he refers to a person. Who would it be? Who is the IT person in charge?

Mr. CHAO. I don't know what the President was referring to.

Mr. JORDAN. Let me start with slide C3, if I could. The final report came out October 13th, after October 1st. I just want to read the first: MITRE was unable to adequately test the confidentiality and integrity of the exchange system in full. Lower down: Complete end-to-end testing of the application never occurred.

Doesn't that raise concerns? Did you know about this before October 1st, Mr. Chao?

Mr. CHAO. I think that is taken out of context.

Mr. JORDAN. It is pretty plain language. Didn't test it; no end-to-end testing; done before October 1st. And yet the IT person in

charge, whoever the President is referring to, somebody said it is okay to start this thing.

Mr. CHAO. I say it is taken out of context because there are still quite a few—

Mr. JORDAN. Mr. VanRoekel, did you know the results of the MITRE testing before October 1st?

Mr. VANROEKEL. I haven't seen this document, so I would love to—

Mr. JORDAN. Well, you have the fancy title; you are the Chief Information Officer of the United States of America. That is a pretty big title. And you didn't know about this before the biggest domestic policy program website in the history of this Country ever is launched, and you didn't know about this?

Mr. VANROEKEL. Sir, I haven't seen this document.

Mr. JORDAN. Well, that scares us.

Mr. Park, you are supposed to be the guy who is going to solve everything; you are Clark Kent coming out of the phone booth here. Did you know about this before October 1st?

Mr. PARK. I did not.

Mr. JORDAN. And why is it—

Mr. CHAO. Would you like me to explain why—

Mr. JORDAN. I would like someone to tell me why you didn't know that end-to-end testing wasn't done—

Mr. CHAO. It is not about not knowing; it is that, for example, the first payment to the insurance companies, the issuers, are not going to occur until sometime in the first part of January. We are still building the system.

Mr. JORDAN. We just had this. The system all works together. It wasn't tested all at once.

Mr. CHAO. We are still building parts of the system to calculate payment, to collect the enrollment data from all the marketplaces and to make that payment—

Mr. JORDAN. So there is more system to be built. So we can expect more problems in the future to add to the problems we have already seen.

Mr. CHAO. Security testing is ongoing.

Mr. JORDAN. Let me ask you this. This, to me, seems to be the billion dollar question. Why didn't you delay this? You guys knew there were going to be problems. You hadn't done end-to-end testing. Some of your testing we hoped that the tests would work when we presented it to the White House. Why didn't you delay this? Mr. Chao, why wasn't it delayed?

Mr. CHAO. That is not my decision to make.

Mr. JORDAN. This, to me, is the thing. The chief technology people don't know, but October 1st is October 1st, a date that is in the law? It is not. It is just a date—let me cite you this here. The Washington Post article—and I know I only have a minute, but The Washington Post article I think is important. David Cutler sent a memo to the White House, says, you know what, don't keep the political people in the White House, Nancy Ann DeParle, Jeanne Lambrew in charge, bring in outside people. Larry Summers agreed with that assessment; Peter Orzag agreed with that assessment, but the President says no, we are going to keep Nancy-Ann DeParle in charge of this, kept the political people in charge.

In your testimony to the committee, Mr. Chao, you said this, when asked about October 1st, my marching orders were get the system up by October 1st, right?

Mr. CHAO. Correct.

Mr. JORDAN. Why? If you have all these problems, why not wait?

Mr. CHAO. I didn't ask why. I said that was my—

Mr. JORDAN. And what I am suggesting is the folks at the White House knew this thing had problems, evidenced by the testing that wasn't done end-to-end. They, for political reasons, had picked this date, so for political reasons they had to adhere to this date, and the end is, the end result is Americans' personal information is put at risk.

Mr. CHAO. I tried to correct your perception of what this excerpt was from. It is about a long chain of systems that need to be built, and this is a point in time.

Mr. JORDAN. Mr. Chairman, I have two seconds. Let me just finish with this. We have asked, you and I have asked Ms. DeParle, Ms. Lambrew to come in front of this committee next week, and the letter we got back yesterday was they are not going to come; and they are the people we need because they are the political people in charge. They are the ones who determined October 1st was the date they needed to move forward on, and they are the ones who I think ultimately are responsible for putting at risk Americans' personal information.

With that, I yield back.

Chairman ISSA. Okay.

Mr. Powner, there were all these questions and you seemed to have an answer you wanted to give on this end-to-end testing before it was done. Do you want to weigh in at this point?

Mr. POWNER. Well, I would just reiterate the point that the security testing was done early, on an incomplete system, and the fundamental question is what is being done now and how adequate is that to date.

Chairman ISSA. Thank you.

Mr. Davis.

Mr. DAVIS. Thank you. Thank you very much, Mr. Chairman. Mr. Chairman, there has been a lot of information over the past several weeks regarding the security of Healthcare.gov and whether consumers who use this system are at risk. I would like to hear from the witnesses about this matter and separate fact from fiction.

Mr. Chao, the Federal Information Security Management Act, known as FISMA, requires agencies to protect information systems. FISMA specifically requires an authorizing official to sign off before an agency begins operating a system. In the case of Healthcare.gov, we have a memo that was signed by Administrator Tavenner on September 27, 2013, entitled "Federally-Facilitated Marketplace." This memo says that the security contractor "has not been able to test all of the security controls in one complete version of the system." It also says this resulted in a "level of uncertainty that can be deemed as a high risk."

Mr. Chao, can you explain how CMS tested various components of the system for security risk?

Mr. CHAO. In general, in most large IT projects that require several what we call environments that are used to move from a devel-

oper's machine in writing code and to test that locally, and then to put it into a larger environment to test with other code, and you go through this step-wise process of constructing the system. I think what the statement reflects is that in any situation similar to the Marketplace systems, security people have to test when they can and when they have a window. As I mentioned, there is a compressed time line, and that compressed time line affords some ability for security testing to occur as the software is being developed through its life cycle.

I think what the memo was just trying to say, and it was erring on the side of caution, that as software is continuously being developed, it was tested in three cycles. So by the end of three cycles it had fully tested the necessary functions to go live on October 1st. There are, as I mentioned earlier, other system functions that are yet to be built and will continue to have security testing conducted.

So security testing is a point in time. Risk acceptance of that security testing results is a point in time. And then in that memo you will also see that we have applied various mitigation steps to try to offset the potential risk that was identified.

Mr. DAVIS. Do you know of any other IT systems, in your experience, that were authorized without completing full system security testing?

Mr. CHAO. I think that there is a slight art in the wording of that. I think every system the Federal Government puts into live production needs to have sufficient security testing, per FISMA and OMB and NIST requirements. Whether we tested in three cycles, whether we tested annually or every three years, testing is an ongoing and ever-present, kind of part of the process. When we are testing the controls for a portion of a system that is ready for a particular delivery date, we fully test those. For a portion of the controls for a part of the system, as I mentioned earlier, in which we do not have to make payment on October 1st, that is then tested at a later date, when that function is ready and needed in order to go into operation. So it is an iterative ongoing process.

Mr. DAVIS. Has a security team been established?

Mr. CHAO. Yes.

Mr. DAVIS. Has CMS been performing weekly testing?

Mr. CHAO. Yes.

Mr. DAVIS. I have no further questions. Thank you, Mr. Chairman. I yield back.

Chairman ISSA. I thank the gentleman for yielding back.

We now go to the gentleman from Utah, Mr. Chaffetz.

Mr. CHAFFETZ. I thank the chairman.

I thank you all for being here.

Mr. Baitman, I would like to start with you. Since the end of August, how many times have you personally met with Secretary Sebelius?

Mr. BAITMAN. I am not sure, probably once or twice.

Mr. CHAFFETZ. And when was the last time you met with the secretary?

Mr. BAITMAN. I believe that it was during the shutdown. The secretary had regular meetings with senior leadership.

Mr. CHAFFETZ. So you met one time in October?

Mr. BAITMAN. I believe so.

Mr. CHAFFETZ. So you met one time. You are the chief information officer. You met one time in October with the secretary. My understanding is you engaged a hacker to look at Healthcare.gov, correct?

Mr. BAITMAN. CMS asked us to help them with various things.

Mr. CHAFFETZ. But you engaged a hacker to look at the system.

Mr. BAITMAN. We engaged someone who is called an ethical hacker who is on my staff.

Mr. CHAFFETZ. An ethical hacker. When did they start their hacking?

Mr. BAITMAN. It was during the shutdown.

Mr. CHAFFETZ. And how long did it take him to complete his hacking exercise?

Mr. BAITMAN. I think it is an ongoing activity. But he is actually based in Atlanta.

Mr. CHAFFETZ. And then he gave you a report. How many serious problems did he find?

Mr. BAITMAN. I don't know if I would call them serious. I think that there were something like 7 to 10 items on that report.

Mr. CHAFFETZ. So you had 7 to 10 items of hacking, some of which you don't believe are serious, but some are obviously serious. What percentage of those have been fully rectified?

Mr. BAITMAN. I turned those over to CMS for their review. Some actually weren't systems issues, they included things like physical security as well.

Mr. CHAFFETZ. So you have no follow-up? You have no idea what percentage of those hacking incidents were rectified?

Mr. BAITMAN. I believe CMS got back to my staff last week and said the majority of those had been remediated.

Mr. CHAFFETZ. You don't know what percentage. It is not 100 percent.

Mr. BAITMAN. I don't believe it is 100 yet, no.

Mr. CHAFFETZ. So you shared that with CMS. Did you share that with Secretary Sebelius?

Mr. BAITMAN. I have not.

Mr. CHAFFETZ. You are the chief information officer for the Health and Human Services.

Mr. BAITMAN. These are fairly technical items. The appropriate place to share them is with the system owner.

Mr. CHAFFETZ. But it is not safe and secure, and I guess that is the fundamental concern, is even after the October launch, you are the chief information officer, you get a hacker who in a couple days finds probably 10 or so problems and challenges. It is that easy to get in and hack the information. That is the concern.

Mr. POWNER, is this ready? Following up on Mr. McHenry's question, is the site, in your opinion, currently as safe and secure as an online banking site?

Mr. POWNER. I would have to look and assess the security. And all that stuff that MITRE did and the authority to operate is preliminary because it was on—I mean, MITRE said that they didn't test the interfaces. The interface testing needed to occur. So all that stuff that is preliminary raised issues, but, again, we—

Mr. CHAFFETZ. Would you put your information in there?

Mr. POWNER. I would have to see what the security testing and assessment has been since then before I was comfortable. I haven't seen it yet, so we are going to look at it.

Mr. CHAFFETZ. Well, the answer is not yet yes.

Mr. CHAO, would you put all your personal information about you and your loved ones in it?

Mr. CHAO. Yes. In fact, I have recommended my sister, who is unemployed right now, to actually apply.

Mr. CHAFFETZ. Did she successfully register?

Mr. CHAO. I haven't talked to her lately; she has been out of the Country.

Mr. CHAFFETZ. Interesting. And you have this report, then, from Mr. Baitman, about the hacker's report?

Mr. CHAO. I do not personally, but as I mentioned earlier, there are security teams in place, including permanent security staff under the chief information security officer that coordinates with franks.

Mr. CHAFFETZ. Mr. Chairman, this is something we obviously have to follow up on.

Mr. Park, you are a very bright and talented person. The Federal Government is lucky to have somebody of your caliber engaged in this process, and it actually gives me comfort that you are looking at this and spending some time in it, but I have a fundamental question that I want to ask you. Have you ever shopped on Amazon.com?

Mr. PARK. Yes, sir.

Mr. CHAFFETZ. Have you ever showed on eBay.com?

Mr. PARK. Actually, no.

Mr. CHAFFETZ. We are going to have work with you on that one. Chairman ISSA. As a Californian, I am personally offended.

Mr. PARK. I would like to.

Mr. CHAFFETZ. Let's go back to the Amazon experience. When you put something in your shopping cart, is that considered a sale?

Mr. PARK. No.

Mr. CHAFFETZ. Thank you.

I yield back.

Chairman ISSA. Would the gentleman yield?

Mr. CHAFFETZ. Sure.

Chairman ISSA. Mr. Chao, you have been fairly defensive about things being out of context, so I am going to ask unanimous consent that the CMS document of September 3rd, 2013, the memorandum, be placed in the record in its entirety. But before I do so,—well, without objection, so ordered.

Chairman ISSA. But I want to make something clear. We had previously redacted information. Is there anything in that memo that you believe needs to be redacted? Because otherwise we will put it in in its entirety so there's no question about that.

Mr. CHAO. I would have to review it.

Chairman ISSA. Okay, it is in the record now. By close of this hearing, if there is something that needs to be redacted, I need to know, because I will consider redacting it.

Mr. CUMMINGS. Mr. Chairman?

Chairman ISSA. Yes.

Mr. CUMMINGS. I just wanted to make sure there was no sensitive information in there.

Chairman ISSA. Well, that is the problem.

Mr. CUMMINGS. I am just trying to obey the law, Mr. Chairman.

Chairman ISSA. This thing is already in the record. If we choose to redact something—the question is that there are numerous things that give us sightings of lines in September 3rd that clearly this thing wasn't ready for security on September 3rd. And when our people questioned you about September 27th and there was no end-to-end and security concerns, you want to say you were taken out of context, but both September 3rd and September 27th, what we find is that there was no end-to-end testing, and any point of vulnerability is a point that could access people's private information.

Isn't that true, Mr. Powner? So the absence of end-to-end testing means that anything that can reach into the database, in fact, could be a significant security risk to people's personal information, and has nothing to do with whether or not a module is about shopping, isn't that true?

Mr. POWNER. That is correct.

Chairman ISSA. Okay.

Yield back and at this point I recognize the gentleman from Tennessee, Mr. Cooper, next.

Mr. COOPER. Thank you, Mr. Chairman. I am worried that the net effect of this hearing might be to exaggerate the security difficulties of the website. I serve on the Armed Services Committee, and our own Pentagon is attacked many thousands of times a day, sometimes by foreign powers. So the entire Internet could and probably should be more secure. So we have to acknowledge some system problems for the whole Internet, and then there are other issues we can deal with.

Another concern I have is the witnesses are being badgered, and I would like to offer witnesses, perhaps Mr. Baitman, perhaps Mr. Park, Mr. Chao, and others an opportunity to respond, because I believe in fairness, and the American people do not want to see a kangaroo court here. And the way this hearing has been conducted does not encourage good private sector people to want to join the Federal Government.

I personally had the privilege of hearing Mr. Park speak in Nashville, Tennessee a couple years ago. He spoke before a hardcore private sector, pro-capitalist, business audience, and they told me they had never heard a speaker who understood business better, who got it; and it was a real tribute to me that someone of your caliber was willing to work for the Federal Government, because that instilled faith in the process, because we are the best Nation on Earth. We have to act like it. We do face problems sometimes, but the American spirit is the can-do, we can fix it attitude, not the blame game, not the bickering game.

So if there are witnesses who would like a chance to say a few words in public, because you have been treated unfairly, in my opinion, and I would like to have this be an equal playing field.

Chairman ISSA. Would the gentleman yield? Have I cut off anyone's answer here today?

Mr. COOPER. Will I be able to keep my time?

Chairman ISSA. Of course.

Mr. COOPER. You cut off the ranking member of this committee at the beginning of this hearing.

Chairman ISSA. I cut him off a minute into question and answer, after he had exceeded his five minutes. But no witness here today has been cut off.

Mr. COOPER. But, Mr. Chairman—

Chairman ISSA. Every witness has been allowed to complete their entire answer.

Mr. COOPER. Mr. Chairman, but using—

Chairman ISSA. I just want to understand. Kangaroo courts is quite an accusation, and I hope the gentleman from Tennessee, when he uses the term kangaroo court in the future, will think better of making an accusation. No witness has been cut off. Every witness has been allowed to complete their entire answer in every case. We went about six minutes before I asked Mr. Baitman to simply conclude. That is the closest thing to anything. So this is not a partisan hearing. I will not have it accused of being a partisan hearing. We have a website that the American people have seen doesn't work. We are trying to get to an understanding of why it didn't work so that it doesn't happen again. And these happen to be experts, and for the most part we are relying on them to be the people fixing it.

The gentleman is recognized.

Mr. COOPER. Thank you, Mr. Chairman. This is a hearing on a broken website by a broken committee, and the air is thick with innuendo. When the chairman discusses rehabilitating witnesses, that implies they need rehabilitating, when in some cases the witnesses have perhaps already been abused, sometimes by leaks, whether deliberate or not. So let's focus on fixing the problems. And I think Mr. Baitman was about to speak.

Mr. BAITMAN. Thank you, Mr. Cooper. There is one thing I would like to clarify in response to my comments to Mr. Chaffetz. We found vulnerabilities with the system, and there will always be vulnerabilities. Every system that is out there, systems that are live, systems that we trust right now, banks, online shopping sites, all have issues because they are continually making changes to their code. That introduces vulnerabilities. And it is up to us on a continual basis, as Mr. VanRoekel pointed out, all software goes through continuous improvement. So what we are doing right now is continually improving our software and on an ongoing basis identifying vulnerabilities that exist.

Mr. COOPER. Any other witness? Mr. Chao?

Mr. CHAO. What I would like to say is that if I come across as being defensive, I apologize, but I am being defensive not in terms of me; I am being defensive in terms of the truth. And I believe that that is what this committee is trying to get to. In fact, I think that is what you said in the beginning. So when I detect that there is distortions or misuse or unrevealed things about that I spent nine hours with your staff basically being deposed, I am going to be defensive because that is not the truth. That is all I want to make clear about my defensiveness.

Mr. COOPER. Any other witness like to make a point?

This committee has many talents and it has broad investigative jurisdiction. To my knowledge, and I could be wrong because my colleagues have many talents, to my knowledge, none of us could do a website on our own. We are not software engineers. You could?

Chairman ISSA. I think, unfortunately, you have several hear, including one who made a living doing it.

Mr. COOPER. Well, none of us would want to certainly be engaged in this task. Are you volunteering to work for—

Chairman ISSA. None of us want to own this particular website.

Mr. COOPER. Well, yeah. But it is easy to criticize. It is hard to perform. And as the gentleman, Mr. VanRoekel, pointed out, even Microsoft, with Windows XP, is still revising it 12 years later. Software is an iterative process. The Internet is not perfect, but it is still one of the great technological accomplishments of mankind. It is transforming the planet, and in a good way overall, but there are glitches and we work on those.

So when we swear witnesses, as we do, when we put them in a very uncomfortable position, deliberately, in some cases when we subpoena then unilaterally, that creates tension, and it is actually going to slow the fix of the website. So I worry about that.

And the chairman and Mr. Connolly have already collaborated on what sounds like an excellent bill to fix overall Federal IT. I was very impressed when Mr. VanRoekel pointed out that is an \$82 billion issue. What we are talking about here today, at least from the August cost estimate, is 0.6 percent of that. Why don't we focus on the larger issue and fix it? Because, as I said earlier, it is much better to light a candle than to curse the darkness.

Chairman ISSA. If the gentleman would yield, maybe we can close on a positive note. Both Mr. Powner, who has constantly talked about stress-testing end-to-end, and Mr. VanRoekel, who knows very well that Microsoft never put a new operating system that wasn't stress-tested end-to-end; it still had bugs, it still had vulnerabilities. And by the way, whenever you add a new driver, a new something else, you create a potential new one that has to be tested. But stress-testing end-to-end was something that this committee wanted to know at the onset, why it hadn't been done, because it is a best practices, which GAO has very kindly made clear. I believe it is already in the record, but if it is not, the nine points that GAO had made in their report of best practices that were not followed.

So Mr. Connolly and I, Mr. Cooper, we are trying to get to where best practices will always be used. And in this case, not because of these individuals, per se, they are here as experts, but this development over three and a half years shortcuted some best practices, and it is not the first time and it won't be the last time, but it is one where, as I said in the opening statement, it is so important, when the American people are focused, for us to say you can expect better from your Government in the future; and I don't mean on Healthcare.gov, I mean on all of that \$82 billion worth of IT.

And I appreciate your comments to that end.

Mr. COOPER. Mr. Chairman, let's see about getting your bill to the floor.

Chairman ISSA. Boy, I tell you, that is something we all would like to do, so I am going to talk to leadership—

Mr. COOPER. You are in the majority party.

Chairman ISSA. You know what? I tell you what. I will get it to the floor in the House. If you will help me in the Senate, we will get this done.

Mr. COOPER. I have lots of influence in the Senate. I would be happy to help.

Chairman ISSA. Thank you.

[Laughter.]

Chairman ISSA. With that, we recognize the gentleman from Michigan, who knows a great deal about health care websites from his State, Mr. Walberg.

Mr. WALBERG. Thank you, Mr. Chairman, and thank you for holding this hearing.

And to the panel as well, thank you for being here. You have plenty to do. We wish you didn't have to be here today, but when I receive letters on top of letters and contacts in six town hall meetings that I held last week, live town hall meetings, like this one from Rachel Haynes in Eaton Rapids, Michigan, where she talks about the fact of cutting off from her insurance, her husband and five children, she says this: I hated the idea of getting on to Healthcare.gov website, as I believe insurance is a private matter. I did it anyway. The website did not work, so I called a number. And she goes on to tell of talking with a person on the phone and ultimately being hung up on.

That is the reason why this hearing is important. Frankly, Mr. Chairman, I believe that this whole act that was put into law under the cover of darkness with the simple votes from the other side of the aisle who now take offense at us having hearings like this on problems and doing proper oversight is the reason to have this hearing today, because people like Rachel Haynes and her family are concerned not only about security, but right now that is one of the biggest concerns on a website that doesn't work for her.

I want to go back to some of the concerns in the MITRE report and I want to ask the first question. Mr. Chao has already, in earlier statements to questions just before me, indicated, when asked why he didn't push back on opening this thing up on October 1st, he didn't ask why. So I am going to go to Mr. Baitman, because I think that is an important question that should have been asked, why. Why do we have to open up on October 1st?

But the question I would ask here, Mr. Baitman, MITRE was responsible for conducting the security control assessment for the Federal exchange, is that correct?

Mr. BAITMAN. That is my understanding.

Mr. WALBERG. According to MITRE, the final security assessment for the Federal exchange occurred from late August through mid-September. Is that your understanding?

Mr. BAITMAN. It is.

Mr. WALBERG. Mr. Baitman, to the best of your knowledge, did MITRE conduct a complete integrated security test of the Federal Marketplace?

Mr. BAITMAN. I can't answer that; I don't have visibility into it.

Mr. WALBERG. Well, I would like a document put up that deals with this test and the outcome, if I could have this particular document. Okay. If you see there, FFM, the website, the Marketplace, complete percentage, 66 percent complete. That is it. Sixty-six percent complete. This document was obtained by the committee. We have in place—let me ask this question, Mr. Baitman. Is it a problem that MITRE wasn't fully able to test one-third of the Exchange?

Mr. BAITMAN. I can't answer that. This project was run and managed by CMS. They are responsible for the security.

Mr. WALBERG. In the security control assessment dated October 11th, 2013, and of which a preliminary copy was given to CMS, on September 23rd, 2013, MITRE writes that they are unable to adequately test the confidentiality and integrity of the health insurance exchange system in full. They go on to say MITRE also writes the application at the time of testing was not functionally complete.

Mr. POWNER, what are the dangers of conducting a security assessment on an incomplete system?

Mr. POWNER. Well, you could have vulnerabilities that go untested. Also, too, on this document—see, there are a lot of dates that don't add up. My understanding is that MITRE conducted their security assessment in August and September, and it was later September. So there is data all over the place. The bottom line to your point, though, is it wasn't done on a complete system.

Mr. WALBERG. MITRE has told, Mr. Powner—

Mr. CHAO. Excuse me. I just want to point out that that is a CGI-provided document, that is not from CMS.

Mr. WALBERG. Yes, I understand that. MITRE has told committee staff that to their knowledge, there has not been a comprehensive test of the entire system. One of the dangers posed by not conducting a complete, integrated security tests of all the system components, Mr. Powner?

Mr. POWNER. Well, in order to ensure that your data is secure and the system is safe to use, you want to test on as complete a system as possible.

Mr. WALBERG. Then based on what you know, were Americans' sensitive personal information at risk when Healthcare.gov opened on October 1st, 2013?

Mr. POWNER. I don't know what happened from mid-September on. That is the only caveat I would like to say, because there was testing done through mid-September, and I am blind to what happened during that period of time.

Chairman ISSA. The gentleman's time is expired, if you could wrap up very quickly.

Mr. WALBERG. Last question. Can you ensure the American people that the website will work on November 30th?

Chairman ISSA. The gentleman may answer.

Mr. WALBERG. Asking Mr. Powner.

Mr. POWNER. That is not my responsibility.

[Simultaneous conversations.]

Chairman ISSA. The gentleman's time is expired. If anyone else wants to answer November 30th, they may. Mr. Park, will it work on November 30th? Properly, fully?

Mr. PARK. The team set a goal of having Healthcare.gov function smoothly for the vast majority of Americans. The team is working incredibly hard to meet that goal.

Chairman ISSA. I thank the gentleman.

Mr. WALBERG. With secure information?

Mr. PARK. With secure information.

Chairman ISSA. Thank you. The gentleman from Nevada.

Mr. HORSFORD. Thank you, Mr. Chairman, and to the ranking member and to the other committee members, to our witnesses. This is an important hearing. Our constituents are rightfully concerned about their right to be able to access affordable health care on the website, Healthcare.gov. And while the rollout has been problematic, what has been more troubling is the fact that this has been turned into more of a game than it has been about how we can work together to fix the problems of the site.

My concern is one of security of personal information. I also sit on the Homeland Security Committee, we are having a hearing also this morning on this subject. So I want to ask about the potential security risks to consumers. Mr. Chao, do you agree that protecting personal identifiable information on Healthcare.gov is important and is something that can be achieved?

Mr. CHAO. I think that is something that we as CMS and as a Federal agency comply with, FISMA and OMB and NIST specifications for securing people's data, and then following HIPAA's requirements for confidentiality, integrity and availability of data.

Mr. HORSFORD. Can you explain how CMS protects consumer information, how that is safeguarded by CMS?

Mr. CHAO. I think one of the things that is very obvious when you come to Healthcare.gov, and if you go to, in my opening remarks I mentioned there are two sides to it, or two legs. If you go to the Get Insured side, one of the first things that you have to do is to register to establish an account. And we mentioned that registrations are up to about 17,000 per hour right now. That registration process allows you to establish what we call a level one assurance of assurance account, which is based upon the National Institute of Standards and Technology. That is very similar to something like what you would establish in terms of opening up a Gmail or Yahoo account, just very basic information.

Mr. HORSFORD. Okay. Let's move on to the next question. We are very limited on our time.

Mr. CHAO. So basically the answer is, it is about authenticating you, it is about, are you who you say you are before we let you into the system. And that is one major step in ensuring that people's privacy is protected, so that they only see their own data.

Mr. HORSFORD. And is Healthcare.gov any more or less risky to consumers than other sites, including private company information in the banking world or using credit cards to purchase information over the internet?

Mr. CHAO. I can't speak for what privacy frameworks and programs apply to private sectors. But for the Federal government, we follow the FISMA guidelines and the requirements set forth by certain OMB directives. And we use independent security testing contractors to ensure that we comply.

Mr. HORSFORD. Mr. Park, you have spent some time with this website. Have you been able to understand the security features that are inherent in it?

Mr. PARK. That hasn't been my particular focus on the team, no. There is a CMS security team dedicated to security matters.

Mr. HORSFORD. Based on your review of that, do you believe the site poses any unreasonable risks to consumers?

Mr. PARK. I haven't actually, again, dived into that personally. But my understanding is that CMS is applying its information security best practices to the protection of the site. CMS has a great track record in protecting the privacy of Americans.

Mr. HORSFORD. Mr. VanRoekel, I understand you worked on the data Hub. Can you explain why you believe consumers should have confidence that their information is secure as it passes through the Hub?

Mr. VANROEKEL. I didn't actually code the Hub itself, so I didn't do the day-to-day. But one thing that should be pointed out is that cyber security is part of everything we do. You almost can't buy a keyboard in government now without having cyber security considerations on that. And we have built a culture of assessment and mitigation that is all about assessing the level of risk, it is low to high. And then you put into place technology to mitigate that risk, to make sure that we are protected.

The standards that we abide by are the NIST standards which are actually co-developed with the private sector. So the banking industry, financial industry, insurance industries outside of government actually use the same standards as government does, and we hold government to those standards, and often in many cases lead those industries in the ability to do these things.

The other aspect of this is, this is ongoing. You hear, I am sure, in the Homeland Security Committee, a lot around the fact that we have cyber security in what we do there, you have to do ongoing tests. You have to rapidly respond and assessments are never done. You have to just stay vigilant in those cases.

Mr. HORSFORD. Thank you. Mr. Chairman, I would just say that this is not about playing offense or defense. It is about us getting this job done on behalf of the American people and working together. I am rather insulted by this House Republican play-book—

Mr. MEADOWS. [Presiding.] The gentleman's time is expired.

Mr. HORSFORD.—where it talks about ObamaCare—

Mr. MEADOWS. The gentleman from Oklahoma is recognized.

Mr. HORSFORD.—the loss of insurance and what this means. This is not—

Mr. MEADOWS. The gentleman will suspend. The gentleman from Oklahoma is recognized.

Mr. LANKFORD. Thank you, Mr. Chairman. Gentlemen, thank you. This is not a day that is probably a fun day for you, you probably didn't get up and go gosh, I can't wait for this day. I get that, and I want to say thank you, because all of you are professionals that have given to public service. You all could make a lot more money in the private sector and you have chosen to serve people. We all have differences on opinion on direction and that kind of

stuff, but I want to say thank you to you as well for what you are doing, because you have made a conscious choice in that.

Let me walk through a couple of things just to be able to get to some of the reality on it. About an hour and a half ago I went on my iPad, went to Healthcare.gov and hit this button that says create account. It doesn't go anywhere. It just changes colors and does nothing. So I reloaded on this and for about an hour and a half I have just occasionally hit that button.

This is the frustration, the struggle of a lot of folks out there. Then you all have the frustration, we get that. We have questions, though, as we walk through this process of now what happens.

Mr. Park, you were asked a question earlier about the November 30th time line. I assume Mr. Zients has laid that out there at the end of November, when everything would be ready and available. You said it is our goal. Can you give me more specifics? Are we going to hit November 30th?

Mr. PARK. Thank you for the question, and thank you for your kind words at the beginning as well.

The goal that has been laid out is not for the site to be perfect by the end of November.

Mr. LANKFORD. Functional, so people can log on?

Mr. PARK. So that the vast majority of Americans will be able to use the site smoothly. That is the goal we are gunning for. We are working very hard to get here.

Mr. LANKFORD. So here is the issue. Around 5 million people have received a cancellation letter. I have multiple constituents that have sent me copies of their letters, all of them end with, your insurance policy concludes December 31st. If they cannot get on and log into the site by December 15th, they will not have access to insurance January 1st and they will be uninsured. People who are currently insured will not have insurance as of January 1st.

So I understand the deadline is out there for March 31st, and all this kind of stuff on it. Those individuals who have received it by the millions cannot get insurance and on January 1st will be uninsured.

So I get that is the goal. But the reality is racing at us. And the comment has been made on it that we are trying to fix a plane that is in the air. I fully understand the complexities of that. The challenge of it is that many of us had said, park the plane for a year, let's get it right before we launch this thing. That is not your fault, you all are dealing with the realities that are on the ground. But that is something that we are trying to communicate on this.

Mr. Chao, let me ask you something. September 27th, the ATO, the authorization to operate, in some of the committee staff that you had mentioned, that was a very long day as well, you visited with committee staff on it. During that conversation, there was a back and forth on this ATO coming out that Mr. James Kerr and yourself, that you had edited there, since Marilyn Tavenner. In that memo, you wrote, "Due to a system of readiness issues, the security control assessment was only partially completed. This constitutes a risk that must be mitigated to support the marketplace day one operations." You were asked by staff, what are some of those risks that are out there, that are kind of the unknowns on it, that have to be mitigated. During that conversation, you had

listed things like unauthorized access, not encrypting data, identity theft, misrouted data, personal identifiable information, those are the kinds of the great unknowns of this, at that point.

Then, am I tracking this correctly? Do you remember this?

Mr. CHAO. Yes. Those are examples that I was asked to provide.

Mr. LANKFORD. Sure. The problem is that you are trying to mitigate on things that you don't know. I understand about mitigating on a risk. You mitigate on things that you know, is that correct?

So on day one, Marilyn Tavenner is signing a document saying, there are risks that are out there. Some of those that you had listed, we are going to have to mitigate on those. Were we mitigating for every possibility on it?

Mr. CHAO. I think what you do is, on a risk-based approach, you look at the probability of a particular risk occurring and you prioritize. For example, one of the mitigation steps was to conduct weekly security testing and to report back to the Administrator on the result of that security testing.

Mr. LANKFORD. During that testing process, did you find that some data was misrouted? Once it was launched? Are insurance companies getting information that is incorrect?

Mr. CHAO. There are cases in which insurance companies were getting data that were not incorrectly routed to them, but incorrectly formatted within the transaction.

Mr. LANKFORD. Do you know who briefed Marilyn Tavenner on the security risks? Because obviously she had to sign off on this document. Do you know who sat down with her and briefed her on the security risks, here are all the things we are trying to walk through?

Mr. CHAO. It was our chief information officer and chief information security officer.

Mr. LANKFORD. Two other quick questions. Is there a way to be able to track what personal information any employees can see while they are working on this? Obviously you had a lot of contractors involved in this, now we have added even more contractors trying to learn all those contractors, who they even are. Is there a way to be able to track? Because now there is personally identifiable information in the system as well. Is there something in place that tracks what people who are working on the back end of the site can see as far as personally identifiable information?

Mr. CHAO. Yes. There are system logs. For example, if you call the call center and the call center representative is—

Mr. LANKFORD. I am talking about people working on the back end.

Mr. MEADOWS. The gentleman's time is expired. You can finish the question.

Mr. CHAO. In certain cases, yes. Like if you are in a testing environment. Very few people touch a production environment. So they wouldn't even have access to that live data. Sometimes when we use testing data, you want to see the results, so you do have developers having access to that information. But it is not live people's data.

Mr. MEADOWS. I thank the gentleman from Oklahoma.

For the record, Mr. Chao, I wanted to point out, those items that you identified as particular inherent risks were identified by you

prior to the September 3rd memo that was introduced. I know the gentleman from Virginia had indicated that it was after that memo. But for the record, you indicated those prior to that memo being introduced by committee.

Mr. CHAO. I don't quite understand what you are trying to say there. Because the question was asked, what examples, and it was in the context of the September 27th memo. You are saying September 3rd.

Mr. MEADOWS. You mentioned these risks because of the failure to do integrated security testing.

Mr. CHAO. I don't believe I said failure.

[Simultaneous conversations.]

Mr. CHAO. This is the problem, I don't have the transcript in front of me, I cannot confirm with you. I was not given an opportunity to make corrections, if there were corrections to be made. So you can tell me what you want, but all I can say is to the best of my knowledge, I don't recall saying that. I need to see my transcript.

Mr. MEADOWS. The gentleman from Vermont, the distinguished gentleman from Vermont is recognized.

Mr. WELCH. Thank you, Mr. Chairman.

First, I want to join Mr. Lankford in thanking each of you, Mr. Powner, Mr. Chao, Mr. Baitman, Mr. Park, Mr. VanRoekel, for the incredible effort that you are putting into trying to fix a very serious problem. Thank you.

Second, you don't have to be an opponent or a supporter of the health care law to acknowledge that there are significant rollout problems associated with the website. Those of us who are supporters, and I am a very strong supporter of the health care law, are absolutely committed to providing the support you need to make this thing work.

There are really four issues that we have that are rolling around. One is, the website, what we have to do to fix it, and it has to be fixed. Two is, what is the impact of these cancellation notices that a lot of Americans are receiving. They thought they had health care, they were assured that they could keep the policy that they had. And the problem gets compounded if the website is not working. And then third is the individual mandate that is the subtext of the debate, but that is essential to the law, but in order to make that work, the website has to work. And the fourth is the IT purchasing, are there some lessons that we can learn. I tend to think that it is really important to move ahead on the Issa-Connolly legislation.

So that is the context that we are in. You are here to help us fix the problem. We have to get that done.

So I want to start by just asking you, Mr. Park, if you could make some comments about, you would be repeating a little bit, but what are the specific things we can do to get this fixed? And I understand all of us would like to have a hard and firm date where everything is going to be perfect. But what we are dealing with is the real world, and we want it to be functional for the vast majority of Americans. So what are the ABCs that you need to do and hopefully not require you to sleep on the floor in the office at night?

Mr. PARK. Thank you so much for the question . The team is taking all the right steps under the leadership of Jeffrey Zients and Ms. Tavenner. So first of all, the team has implemented monitoring across the site, improved monitoring to actually understand performance of the system, and where are the issues and where to focus.

Secondly, with the help of that data, the team has undertaken an aggressive program of improvements to actually improve the stability and performance of the site through tuning, system configurations, capacity expansion, et cetera, which has resulted in, among other things, the site being more stable, system response times going down, as I mentioned, from 8 seconds to less than a second.

Thirdly, the team is working on functionality bugs. So high priority issues with respect to the user interface and user experience. And that is actually being pursued very aggressively of course as well.

Then finally, there is a bunch of work underway to keep improving the software release process. So you can actually fix these issues faster and faster at a growing clip.

Then you have QSSI having been brought in by Administrator Tavenner as the general contractor to manage this effort. And so it is all moving at increasing speed.

Mr. WELCH. How are we going to address the problem that Mr. Lankford had getting on the website, where he hit the enter button and it didn't work for an hour and a half?

Mr. PARK. There has been a lot of progress on that front, and many more folks can get in now than previously, through both the ability for that particular component of the system to handle more volume through capacity expansion and software optimization. And also through bug fixes that have been applied. But actually, if Congressman Lankford would be so kind, I would love to follow up with you afterwards just to understand your specific situation. And then we can actually use that to inform the troubleshooting and the fixing.

Mr. WELCH. I would really like it if you did, because that is a fair question.

Mr. LANKFORD. If the gentleman would yield for just one second.

Mr. WELCH. Yes.

Mr. LANKFORD. It is pretty straightforward. I just got to that page and hit the button, it changed colors and did nothing. So it is nothing more than that, as far as moving in to just to log in to create an account.

Mr. WELCH. Mr. Powner, do you have some concrete suggestions about what we can do as a Congress to make it more efficient and more effective when we are making significant IT purchases on behalf of the American taxpayer?

Mr. POWNER. I have a couple very specific suggestions, and I am going to go back to my oral statement. We are down in the weeds on what needs to be done to fix it, and the program management needs to be in place. But the IT dashboard, there are 700 major IT investments. This is one of them. It was green. Given the late start, the compressed schedule and the complexity, does anyone think it was really a green project? I don't think so. It should not

have been green. There should have been flags on the dashboard and better transparency.

The other thing is proactive governance. We look at the IT reform plan, things in the FITAR bill legislation. Proactive governance is very important. It is great and I am pleased that Steve and Todd and everyone is involved now. But we need that governance up front on important projects, not when things go in the tank. We need it up front. It is the same thing with when projects go in the tank, we get engaged with the contractor more. Why don't we engage with the contractor, engage with the right executives, up front instead of when we have problems? I know there are a lot of projects and a lot of priorities. But we need to find a way to tackle that better.

Mr. WELCH. Thank you. I yield back.

Mr. MEADOWS. I thank the gentleman from Vermont. The gentleman from Pennsylvania, Mr. Meehan, is recognized.

Mr. MEEHAN. I thank the chairman, and I to want to join in this sentiment, that I appreciate that you are legitimately trying to work on this. We all are. And I happen to chair the Cyber Subcommittee on Homeland in addition, and have great concerns and frustrations. I think I reflect many of the people out there that with the concept of frustration, because in many ways, when I talk to my folks at home, this isn't about a website, it is about trust. It is about this inherent trust that they have in the relationship with their doctor is now being impacted. And the very trust they have in the ability for this system not only to operate but to operate securely.

Now, I know this is sort of outside, I was stunned when I heard the question the other day that the Secretary said yes, we can have felons that are operating as navigators. What is going to be done from this point forward to assure that no felon will be used as a navigator anywhere in the United States? Mr. VanRoekel?

Mr. VANROEKEL. In the context of this system, that is sort of a health policy decision, it is not a tech decision.

Mr. MEEHAN. Mr. Chao, is there anything that can be done? Will you participate in getting something done?

Mr. CHAO. I think CMS is actively performing background investigations.

Mr. MEEHAN. Well, that is not what the Secretary said. Look, please look into that for me. That is not my line of questioning, but I move into this whole issue of trust. Again, trust, we had Ms. Tavenner and you before our committee testifying about the readiness in July and August of this, to ready to go. I just look at the background of, this is the IG's report to Congress on FISMA. One of the things that Ms. Tavenner and you were talking about was compliance with FISMA and therefore, when you look at HHS, the IGs came out, the second worst score in every agency across government, HHS. A 50 percent compliance with FISMA. The second worst in all of government.

So we are already dealing, again, with a question of trust. So let me just get to the heart of our engagement. Because I was so frustrated, I couldn't understand how an IG's report, Mr. Chao, could have suggested that there were great concerns about the ability to be ready in time to conduct the testing. And you assured me at

that time that they were on schedule and you were going to meet all the requirements for the testing, as did Ms. Tavenner.

Now, we were told before the marketplace systems were allowed to operate, they had to comply with all of the rigorous standards. Yet at the same time that you were testifying before me, I had a Washington Post story that was saying staffers were aware by late 2012 that the work of building the Federal exchange was lagging. Employees warned at meetings late last year and in January that so many things were behind schedule, there would be no time for adequate end to end testing of how the moving parts worked together.

So how was it done, then, that in this short time frame, where their own employees are saying it couldn't be done, the IG said that there were tremendous concerns about the ability to do the testing, somehow the day before our committee had you before us, there was a report from the Secretary that said, all of our marketplace systems are allowed to operate and begin serving consumers, and I am pleased to report that the Hub completed its independent security control assessment on August 23rd?

Mr. CHAO. The Hub was tested first, and it was completed in August, as you mentioned. I think the remainder of August and into September, we concluded the third round of testing for the marketplace systems, particularly for the functions that were needed for October 1st.

Mr. MEEHAN. How could you do the testing on the system? Because you have reported, but here is the document that came out from CGI. At the very time you were saying to me that this was, this had been certified as complete, by the certifying agency and Tavenner was here testifying that it was done, you have at the same time an internal memo from CGI saying that the FFM schedule was only 51 percent completed, on the same day you are telling me that the certification has been finished. How can you complete and certify when they haven't even built more than half of the system?

Mr. CHAO. I don't know what document you are holding, but I am assuming that in August, 51 percent is about where we were at. Remember, we still have other key functions, such as payment, risk adjustment, reconciliation.

Mr. MEEHAN. How do you give certification when it is only 51 percent complete?

Mr. MEADOWS. The gentleman's time is expired.

Mr. CHAO. Because you test the components, the parts of the system that go into production and that are actually interacting with the public.

Mr. MEADOWS. The gentleman's time is expired.

We recognize the gentleman from Massachusetts, Mr. Tierney.

Mr. TIERNEY. Thank you very much.

Mr. Chao, do you feel you have had adequate opportunity to answer that last question? Or do you have other things you want to add?

Mr. CHAO. I think I got my last word in.

Mr. TIERNEY. Thanks. So earlier this morning, at the beginning of the hearing, Chairman Issa asked you about the anonymous shopper function. Do you recall that?

Mr. CHAO. Yes.

Mr. TIERNEY. You said you had decided to direct CGI to disable it because of defects, and Chairman Issa challenged you and accused the White House of ordering the action for political reasons. Do you recall that?

Mr. CHAO. Yes.

Chairman ISSA. Would the gentleman yield?

Mr. TIERNEY. No.

So during that phrase, also I think Chairman Issa handed you a document, and I think it is probably still with you there.

Mr. CHAO. Yes.

Mr. TIERNEY. And the chairman gave you the document that said it showed that there were no defects in the system. It does say that the function is anonymous shopper, does say the CGI said it tested successfully. Then he has blown up a box, over a number of the other statements made on the right hand side of that box. It just says 9/22 this feature will be turned off on day one, October 1.

Now, I have given you a sheet there, I believe staff has given you a sheet there that is clean from those boxes, and just as the original document without the chairman's blowups on there obstructing any of the other materials. Do you have that document?

Mr. CHAO. I think so. Is it this one?

Mr. TIERNEY. Yes. So that is the original document. ON the bottom right, will you read for me the last, the statement there starting with defects identified?

Mr. CHAO. Defects identified by CMS being treated as critical target fixes for 9/12.

Mr. TIERNEY. And that is, in fact, what you testified to, right, that you had found defects?

Mr. CHAO. Yes.

Mr. TIERNEY. As you read up from that box, you found that there were defects that you decided to disable the shopper function and focus instead on plan compare?

Mr. CHAO. Correct.

Mr. TIERNEY. Why did you do that?

Mr. CHAO. Because if given the opportunity to choose a more critical function, plan compare is much more critical in the path of a consumer being able to enroll in health care as compared to the ability to browse.

Mr. TIERNEY. So you thought that was the best priority and you focused attention on that?

Mr. CHAO. At that time, yes, given the CGI resources that were available. And actually, there was a subsequent date, I think, I would have to locate the documentation. We did do another round of testing post-9/12 and it was still failing.

Mr. TIERNEY. So you disagree with CGI, they thought it tested successfully and you instead had this ongoing belief that it tested unsuccessfully, there were defects and that is why you made the decision to switch your priorities to the other?

Mr. CHAO. Correct, because the report that I would look at is from our ACA independent testers, not from CGI.

Mr. TIERNEY. And, in fact, that is why the shopper function was disabled, correct?

Mr. CHAO. Correct, based on the report from the independent testers.

Mr. TIERNEY. So when Chairman Issa stated on national television that the White House ordered you as CMS to disable the shopper function in September for political reasons to avoid consumer sticker shock, that is not true, is it?

Chairman ISSA. I object. The gentleman may not mischaracterize my statement.

Mr. TIERNEY. The gentleman may not object in the middle of somebody else's questioning. If questions go through the chair, which you don't currently occupy, and I will continue my questioning of Mr. Chao.

Chairman ISSA. Mr. Chairman, point of privilege.

Mr. MEADOWS. The gentleman is recognized.

Chairman ISSA. The gentleman is repeatedly disparaging and mischaracterizing what I have said. Could the chair please direct all members, if they want to allege a quote, ensure that it is a quote and not in fact a characterization that is inaccurate, as the gentleman's is?

Mr. MEADOWS. The chair would remind each and every member here to direct their comments, without personality, and directing those comments to make sure that they are reflected as to not make a personal attack.

Mr. TIERNEY. Well, that is well said. I don't know of any personal attacks, so I assume you are directing that at somebody else.

But I will read a quote on October 27th, from Chairman Issa on national television. Here it is: "Contractors have already told us that, in fact, people represented that the White House was telling them they needed these changes, including instead of a simple 'let me shop for a program then decided to register' they were forced to register and go through all the things they have slowed down in the website before they could find out about a price."

The contractors the chairman referred to were CGI, but CGI officials have denied ever saying such a thing. Nevertheless, he went on to claim the White House, "buried the information about the high cost of ObamaCare" in order to avoid consumer "sticker shock." And that is not why you made the decision to disable that program of anonymous shopper, is it, Mr. Chao?

Mr. CHAO. Just as I answered before, absolutely not.

Mr. TIERNEY. Thank you. I yield back. No, I yield to my colleague.

Mr. CUMMINGS. I just want to address this to Chairman Issa. When speaking to Mr. Connolly earlier, you referred to a letter sent to you on November 6th. It is not a letter I sent jointly with Mr. Connolly, so he did not read that letter. That letter was about MITRE security testing document provided to the committee. MITRE told us that like any website security documents, they are sensitive, and their release potentially could give hackers hints on how to break into the system.

So I asked you to treat those documents with sensitivity, to consult with me before making them public. You tried to use my letter to argue that the system is not secure, but that is not what I said. Every security testing document for every IT system, no matter

how secure the system is, is sensitive. Every security testing document could give ill-meaning individuals help in causing mischief.

These documents do not mean there are problems with the security of the system. I just wanted to clear that up. And I yield back.

Mr. TIERNEY. I yield back as well.

Mr. MEADOWS. Thank you. The gentleman's time is expired.

Mr. Chao, I know that you have made a number of comments with regard to your sworn testimony and what you recall or don't. I would make it available to you for your reference there at the desk, if you would like to have that, in case there are other questions that are asked regarding that.

Mr. CHAO. Thank you, but I probably would need some time to go over it.

Mr. MEADOWS. So you need time to review what you have said previously on the record?

Mr. CHAO. It was nine hours worth of interview questions.

Mr. MEADOWS. Okay. As soon as the hearing is over, if you would like to come back and review this, we will be glad to make it available to you.

With that, I recognize the gentleman from Tennessee, Mr. DesJarlais.

Mr. DESJARLAIS. Thank you, Mr. Chairman. Welcome. I know that the hearing is getting long and here has been a lot of questioning going on. But there is no doubt that eh American people want some answers about this huge investment in a rollout of a website that certainly didn't go as planned. It has been a learning experience, it has been an educational experience.

Mr. Park, looking back, knowing what you know how, looking at the rollout in October, give a letter grade to the rollout of ObamaCare, A through F.

Mr. PARK. That is an interesting question. In terms of the rollout of the website, it has obviously been really, really rocky. I kind of hesitate to assign a letter grade to it. But it is what nobody wanted.

Mr. DESJARLAIS. I think the people appreciate honesty. You don't have to fail it, but what do you think it was, A through F?

Mr. PARK. I think it depends on the user. There were some users able to get through, and there were other users, a lot of users who couldn't.

Mr. DESJARLAIS. So you are not going to give it a grade?

Mr. PARK. I think that kind of oversimplifies it.

Mr. DESJARLAIS. Maybe. But there are a lot of people watching who want answers. And this is a complex issue. So just maybe for simplification, they would like to know that a lot of people who are responsible for rolling this out don't think that it went very well. To listen to this hearing, it doesn't really sound like a lot of you think it was that abysmal of a failure. This hearing started out with the ranking member talking about how this is a Republican issue, how we are out to destroy health care or the health care law, how we are trying to repeal it, how we are trying to not have this hearing to see if we can make this succeed.

Bottom line is, a lot of money was invested in this and people do want answers. So it is complex, but yet in a simple fashion I think people would like to hear that hey, we screwed up.

Mr. Chao, could you give it a letter grade?

Mr. CHAO. I agree with Todd that it is highly subjective.

Mr. DESJARLAIS. Okay. Fair enough.

Will anybody give it a letter grade?

Chairman ISSA. Would the gentleman yield?

Mr. DESJARLAIS. Mr. Chairman.

Chairman ISSA. Perhaps we could have it as a pass-fail, a little less subjective.

Mr. DESJARLAIS. Yes, that would be less complicated. Would you give it a pass or a fail, Mr. Park?

Mr. PARK. Again, I don't want to reduce it to something that—just to be clear, all of us are frustrated about how the site rolled out. None of us think it went well. All of us think it was incredibly rocky and we are incredibly focused on trying to fix it and make it better. And it is getting better week after week after week.

Mr. DESJARLAIS. Okay, so knowing what we know now, Mr. Chao, you testified that you were given your marching orders, but yet, I don't think the October 1st date was immovable. Would you agree with that?

Mr. CHAO. I don't have the luxury of determining what date is movable or not movable. I was given October 1st as a delivery date, and that is what I targeted.

Mr. DESJARLAIS. Knowing what you know now, would you have pushed harder to have the date moved back?

Mr. CHAO. That is pure speculation.

Mr. DESJARLAIS. How can it be speculation? You know what you know now.

Mr. CHAO. Because I wasn't in a position to choose a date.

Mr. DESJARLAIS. I am asking today, sitting here today, testifying in front of this committee, knowing what you know now, would you have pushed harder to move the date back?

Mr. CHAO. I go by what I said.

Mr. DESJARLAIS. So you would let history repeat itself.

Mr. CHAO. That is not what I said.

Mr. DESJARLAIS. Mr. Park, would you have—

Mr. CHAO. That is not what I said.

Mr. DESJARLAIS. Okay, Mr. Park, would you, knowing what you know now, ask to have this delayed or pushed back?

Mr. PARK. I don't actually have a really detailed knowledge base of what actually happened pre-October 1. I don't know what levers were available. So I would hesitate to make any point now.

Mr. DESJARLAIS. So once again, we spent over a half a billion dollars of taxpayer money and no one who is responsible for the rollout is willing to say that we should have done things differently. The President doesn't know it, but first of all, we were trying to save the American people from a bad law by all that we just went through over the past few months. And really, we were trying to save the President from himself. He needed to sit down and talk with us about delaying this, and nobody sitting on this panel, after seeing what a failure this has been over the past month, is willing to step up and say, yes, we should have delayed this. Is that what I am hearing? I didn't give everyone a chance. Does anyone want to speak to that?

Chairman ISSA. Perhaps the GAO could comment on whether or not this was a site that in retrospect should have been launched on October 1st and serviced that full six people while millions of people were unable to get through.

Mr. POWNER. Clearly, knowing what we know now, a delay in rollout would have made sense. But the thing is, we are not privy to who knew what when in terms of the test results and all that kind of stuff. That is where we don't have insight into that.

Mr. DESJARLAIS. Okay, well, a lot of these regulations, Mr. Chao, were delayed until after the election. Do you have any reason why a lot of the regulations that probably caused a lot of these problems were delayed until after the election?

Chairman ISSA. [Presiding] The gentleman's time is expired. The gentleman may answer.

Mr. CHAO. I don't have the scope, it is not within my scope to cover when regulations get released or not.

Chairman ISSA. Does anyone know? Mr. Park, you were chief technology. Mr. VanRoekel, your organization owned the question of whether or not in a timely fashion these regulations were created.

Mr. VANROEKEL. No, that is actually a mischaracterization of my organization's role. We and my team are tech policy people, not health policy people related to regulations.

Chairman ISSA. But whether the trains run on time, where there are things implementing laws, isn't that what OMB does?

Mr. VANROEKEL. My role in OMB is to set government-wide policy to look at government-wide communication of budget.

Chairman ISSA. So we should get the OMB director in here and find out why after three and a half years things weren't done so that this could be launched for the American people in a timely fashion. I guess we could get a couple of OMB directors.

The gentleman's time is expired. The gentleman from Missouri is recognized for five minutes.

Mr. CLAY. Thank you, Mr. Chairman, and thank you for attempting to get answers to your questions on Healthcare.gov. My questions today will focus on the Federal contract between CMS to CGI Federal, to set up Healthcare.gov. If any other witnesses, including Mr. Powner, care to comment on my question, please feel free to jump in.

Mr. Chao, in your testimony today you stated that CMS contracted with CGI Federal to build a federally-facilitated marketplace system, including the eligibility and enrollment system. According to the Washington Post, this contract is worth \$93.7 million.

How much money from this contract has already been awarded to CGI?

Mr. CHAO. I don't have the exact figures.

Mr. CLAY. What incentives and disincentives were in the contract for CGI Federal to successfully fulfill their contract to roll out Healthcare.gov?

Mr. CHAO. I think as with, starting at the highest level of the Federal Acquisition Regulation has very specific guidance about contracting and the contracting framework in which you will then

award IT contracts, with specifications for something like the marketplace.

Mr. CLAY. And they are still working on the website, CGI Federal?

Mr. CHAO. Yes.

Mr. CLAY. And they have been paid how much to this point?

Mr. CHAO. I don't have the exact figures in front of me.

Mr. CLAY. And are you pleased with the product you received from CGI Federal?

Mr. CHAO. I think as Todd mentioned, we are all—

Mr. CLAY. Look, we have a responsibility as an oversight committee, and that is to protect taxpayer dollars. And so I am asking specific questions about the taxpayers' dollars. Perhaps Mr. Powner can shed some light on that. Have we paid CGI Federal yet?

Mr. POWNER. I don't know specifically what went to CGI. We do know that the government has paid IT funding over \$600 million. That is what we do know.

Mr. CLAY. Okay, tell me about the structure of the contract, then. If they perform, then they should get paid, correct?

Mr. CHAO. I think how this contract is formulated is that there is a performance element to it. So there is a based set of costs that are factored into performing the work.

And then during certain review periods, they could receive a performance kind of incentive. But I would have to get back to you on exactly how that works, because I don't run the contract.

Mr. CLAY. Would you share with this committee how they are going to be paid for the work performed already? Are they still working on Healthcare.gov? Since they messed it up in the first place, are they still on it?

Mr. CHAO. They are the contractor that does the development, as well as ongoing operations and maintenance. So yes, they are still working on it.

Mr. CLAY. Mr. Powner, can you shed some light on this?

Mr. POWNER. Yes. I would just like to say that we sit here and talk about contractor fault, government fault, government is at fault here too on the requirements point of view. It is clear that from a requirement perspective there is fault on the government side. Congressman Clay, we went through this with the Census Bureau, with the handhelds, same situation.

Mr. CLAY. Same situation.

Mr. POWNER. Same situation.

Mr. CLAY. But we corrected it.

Mr. POWNER. Ill-defined requirements, we overspent, we came in, fixed it. But it is the same situation, ill-defined requirements, questions, there are all kinds of questions across the board.

Mr. CLAY. Okay. I have been told that this was simply lazy Federal contracting. What are the failures of CMS in policing the CGI contract to ensure that the rollout of Healthcare.gov would be a success? What are the failures? Can anybody tell me? I'm going to go back to CMS.

Mr. POWNER. Executive oversight. I think there is a fundamental question. There are to be investment boards in place with these agencies and departments. The questions are, what meetings occurred, who attended, what risks were discussed, what follow-up

occurred, how timely were those meetings. That is really what we need to look at.

Mr. CLAY. Well, and from a taxpayer perspective, these are millions of dollars going to a failed product. I don't think they are happy. And with that, Mr. Chairman, I yield back.

Mr. CUMMINGS. Would the gentleman yield?

Mr. CLAY. I don't have time.

Chairman ISSA. I would ask unanimous consent the ranking member have 30 seconds. The gentleman is recognized.

Mr. CUMMINGS. Mr. Park, we have had a lot of bad news in this hearing. Can you just again tell us where we are and the progress we are making, you are making?

Mr. PARK. It is the progress the team is making, I am just a small part of the team. But the team is working really hard to make progress week after week, just some numbers, which are always helpful, right? As I mentioned previously, the average system response time, which is the time it takes a page to render a request to be fulfilled of a user was eight seconds on average a few weeks ago, it is now under a second. Another measure is the system error rate, which is the rate at which you experience errors in the marketplace application. That was over 6 percent a few weeks ago, now it is actually at 1 percent and actually getting lower than that.

So really good progress, still much, much more to do. A lot of work to do. But there is a system and a pattern of attack in place, as I mentioned earlier, around monitoring, production stability work, functional bug fixing and improvement of these processes.

Mr. CLAY. Would the ranking member yield?

Chairman ISSA. The Chairman would yield to the gentleman from Missouri.

Mr. CLAY. Thank you, Mr. Chairman. Mr. Park, what contractors are working on fixing the site? Isn't CGI one of them, CGI Federal?

Mr. PARK. CGI is one. And CMS of course is the manager of all the contracts, they could give you the most comprehensive answer. But CGI is one, yes.

Mr. CLAY. Thanks.

Chairman ISSA. I thank all of you, and Mr. Park, in case it isn't said again in this hearing, we believe that what you are doing today is important. I think what GAO has said is, there wasn't a single point of contact, an expert in charge in a timely fashion that would be accountable and coordinate that would, if you will, sleep on their floor if that is what it took, before October 1st. So that is the big reason we are here today, but I think that is where GAO is making the point to all of us that the next time there is one of these, we need to have somebody, perhaps not of your stature, but as close as we can come, there in the months and years preceding it.

We now go to the gentleman from South Carolina, Mr. Gowdy.

Mr. GOWDY. Thank you, Mr. Chairman.

Mr. Park, do you agree that there is a difference between an innocent misstatement of a perceived fact and a deliberate attempt to deceive?

Mr. PARK. Yes.

Mr. GOWDY. So do I. When did you first realize that you couldn't keep your health insurance even if you did like it, period?

Mr. PARK. Again, that is kind of a health policy matter, that is really outside my lane.

Mr. GOWDY. You don't know when you first realized that you couldn't keep your health insurance, even if you liked it, period?

Mr. PARK. I don't recall, no.

Mr. GOWDY. Would you agree with me that credibility or the lack thereof in one area of life can impact credibility or the lack thereof in another area of life?

Mr. PARK. I suppose it could.

Mr. GOWDY. In your written testimony, you wrote, "As you know, October 1st was the launch date of the new website, Healthcare.gov." And I did know that. I just didn't know why. And I am going to read to you a quote from Secretary Sebelius. She said, and I will paraphrase it initially, that she was hurried into producing a website by October 1st because the law required it. Now I will read you the direct quote. "In an ideal world, there would have been a lot more testing. We did not have the luxury of that, with a law that said it is go-time on October 1st."

Mr. Park, I don't know what ideal world she is referring to. So I am going to stick with the one we are in. What law was she referencing? What law required this website to launch on October 1st?

Mr. PARK. I can't really speak for Secretary Sebelius.

Mr. GOWDY. I am not asking you to speak for her. I am asking you, what law was she referring to? Is there a law that required this website to launch on October 1st?

Mr. PARK. Again, that is a health policy, legal matter.

Mr. GOWDY. It is actually a legal question. Do you know if there is a law that requires this website to launch on October 1st, or do you know whether it was just an arbitrary date that the Administration settled on?

Mr. PARK. I actually do not.

Mr. GOWDY. Would you find that to be important, whether or not we really had to go October 1st, given the fact that we weren't ready to go October 1st? Would you find that relevant, whether or not we actually had to launch a substandard product?

Mr. PARK. Sir, I am, respectfully, just a technology guy.

Mr. GOWDY. Don't short yourself. You are the smartest one in the room.

Mr. PARK. That is not true, sir.

Mr. GOWDY. Trust me. I have been in this room for a while. It is true.

[Laughter.]

Mr. GOWDY. There is no law that requires that. So what Secretary Sebelius said was patently false. There is no law that required a go-time on October 1st.

But I want to move to another component of her quote. Some of us don't consider testing to be a luxury. But let's assume *arguendo* that she is right, that additional testing would have been a luxury that would have been nice to have. How much more testing would you have done prior to launching?

Mr. PARK. I am not even familiar with the development and testing regimen that happened prior to October 1. So I can't really opine about that.

Mr. GOWDY. Let me ask you this. Because you are the smartest one in the room, and very good at what you do, where the heck were you for the first 184 weeks? If you are being asked to fix this after October 1st, in a couple of weeks, where were you for the first 184 after the so-called Affordable Care Act passed? Where did they have you hidden?

Mr. PARK. Sir, in my role at the White House as USCTO in the Office of Science and Technology Policy, I am a technology and innovation policy advisor. So I had a broad portfolio of responsibilities.

Mr. GOWDY. But you are obviously good enough that they brought you in to fix what was broken. It has been called a train wreck. That is not fair to train wrecks. It has been called other things. They brought you in to fix it. Why didn't they bring you in to start it? Why are you doing a reclamation project? Why didn't you build it?

Mr. PARK. I am part of an all-hands-on-deck effort to mobilize across the Administration to actually help under Jeff Zients' leadership. And in the lead-up to October 1, that wasn't part of my role.

Mr. GOWDY. When will it be operational to your satisfaction?

Mr. PARK. We have a goal that the team is pursuing with tremendous intensity.

Mr. GOWDY. How many more weeks? Because I am going to get asked when I go home. I know you can appreciate that. I am going to get asked. When will it be operational? When will it be as good as it can get? Because you will concede the first 184 weeks did not go swimmingly. Is it going to be another 184 weeks?

Mr. PARK. Sir, I think the honest answer is that there is a team of incredibly dedicated public servants working hard on it.

Mr. GOWDY. I get all that. I am looking for a number. We can interpret the poem later. I am looking for a number.

Mr. PARK. They are working hard to have the site functioning by the end of this month smoothly for the vast majority of Americans. That is the goal.

Chairman ISSA. The gentleman's time is expired. I might stipulate for the record that Mr. Park was at HHS at the time of passage, and for that roughly first two years. So his expertise does come out of the origin of ObamaCare.

Mr. GOWDY. My question, Mr. Chairman, was simply if he is good enough to be brought in to fix it after the locomotive has crashed off the mountainside, where in the hell was he for the first 184 weeks when it was being broken? Why wait until it has crashed? If he is a savant, and I am convinced he is, where has he been? I know the Obama girl was missing. I think they found her, actually, the lady from the website, I think they found her. But where has he been?

Chairman ISSA. The gentleman's time is expired. We now go to the gentleman from Texas. Would the gentleman yield for just 10 seconds?

Mr. FARENTHOLD. Certainly.

Chairman ISSA. I want to make a statement, and Mr. Gowdy, you are right on that they should have had the A team on this and some of the people here today clearly were there for the train wreck. I want to note that Mr. Park's duties did not include over-

seeing this website, and I do appreciate the fact that it appears as though in 60 days they are going to make right what wasn't ready on October 1st. I think that is what the gentleman wants to be able to explain back home, is that we have been told that November 30th, this will work reasonably well. In other words, a 60-day delay or less could have allowed this to be launched in a timely fashion. I thank the gentleman and ask that his full time be restored.

Mr. FARENTHOLD. Thank you very much.

I do want to follow up on that, Mr. Park. There are a lot of hedge words in there, vast majority of Americans, mostly working. Am I going to be able to go to the IRS and say, it didn't work for me, I couldn't get my insurance, I am not going to be fined? You have to tell us when it is going to be in good shape. Can you give us a date? Is the end of the month realistic?

Mr. PARK. The team is working really hard to hit that goal. That is what I am able to say right now, sir.

Mr. FARENTHOLD. As a former web developer, that is what I was telling clients when we were going to miss a deadline, we are working real hard to meet it. And I am a former web developer, certainly nothing of this scope. But with \$600 million I probably could have put together a team to do it, and do a better job.

But I am not going to throw the contractor under the bus. I think it is too much money, a lot of issues there. But one of the biggest struggle we had when we were developing websites was getting stuff from the client, whether it was their copy for the text of the website or whether it was the specifications. The copy we could change pretty quick, we could just cut and paste it out of the email into an HTML editor or content manager.

But when the actual specifications for how it goes change up to the last minute, it is very difficult to do. Mr. Chao, how late were there substantial changes being ordered to the website? Do you have a time frame how long before that October 1st launch?

Mr. CHAO. I don't think there were any substantial changes ordered. It was more a standard practice of looking at how much time you have left, watching your schedule very closely and the priorities that are set by the business.

Mr. FARENTHOLD. And then figuring out which corners to cut.

I want to follow up on a couple of questions that some other folks asked that I didn't think got completely answered. Mr. Jordan asked you, Mr. Chao, if it was thoroughly tested. You said yes, it was thoroughly tested. Mr. Jordan didn't ask the next follow-up question, how did it do on those tests, did it pass?

Mr. CHAO. If I said thoroughly, I apologize.

Mr. FARENTHOLD. Maybe he said it was tested.

Mr. CHAO. It was tested under the prescribed, we were talking about security testing. So I was saying that it was tested under the prescribed security controls.

Mr. FARENTHOLD. And let me follow up with Mr. Park on something Mr. Lankford asked. He was concerned about either members of your team or other folks having access to sensitive data. Those days you were sleeping on the floor, could you have walked in to a server with a thumb drive and walked out with people's personal information like Mr. Snowden? Are those security risks there?

Mr. PARK. No, I could not have. No.

Mr. FARENTHOLD. That is a little bit reassuring.

Let me also ask Mr. Chao or Mr. Powner, with respect to the private sector, if there is a data breach or a compromise, your credit card information or your personal information gets released, there is a Federal law requiring notice. I just got a notice from a major software company that my credit card had been compromised. Will we find out if our information on Healthcare.gov is compromised? Is there a notice requirement? Is there something in place? Will we know if that information has been hacked and is public?

Mr. CHAO. Yes, there are actually several laws and rules that apply, particularly with disclosing any incident or breach that involves a person's information.

Mr. FARENTHOLD. Okay, so there are no special exemptions in ObamaCare. We will hopefully find out.

Again, I am just concerned. We are at a time right now where the trust in government has never been lower. We have the whole NSA-Snowden incident, we have the IRS looking at people for political purposes. You will excuse me if I am concerned that we have a massive website that is a target for hackers that a lot of people have information to that by definition reaches out and touches the IRS and Social Security computers. Whenever you connect computers together you open pathways to hackers. So I am very concerned about the security issues. I just want to make sure we are going to know if there are some problems that they are not going to be swept under the rug for political purposes.

Mr. CHAO. We worked closely with Frank Baitman's security operations at the Department level as well as extensive computer testing.

Mr. FARENTHOLD. And finally, Mr. Chao, you stated earlier in your testimony that the anonymous shopping feature, which I would love to see, I don't think it is even in place now, but it was disabled before the election. We can talk about political purposes or not.

Chairman ISSA. I think the gentleman is saying before the October 1st launch.

Mr. FARENTHOLD. It was deleted. Why wasn't the October 1st deadline push back because it didn't work? Why wasn't the whole thing delayed? When you delayed the anonymous shopping part, the part we all feel most safe about, going and finding out how much it will cost without revealing personal information, you delayed that, why didn't you delay the whole thing when you knew it wasn't going to work?

Mr. CHAO. I think anonymous shopper was a very narrow slice of looking at what the tradeoffs would be in putting something into production as opposed to—

Mr. FARENTHOLD. Again, I am sorry, I am out of time. But I do want to say, with my lack of trust in the Federal Government now, I am loathe to put my personal information in and would love to shop anonymously, just like I did on some of the private exchanges in Texas as I look for what I am going to about my personal health care. I don't think you have to give up your personal information to get prices for something. You don't have to do it on an airline website, you don't have to do it on Amazon and you shouldn't have to do it on Healthcare.gov.

I yield back.

Chairman ISSA. I thank the gentleman.

Is the gentelady from New Mexico prepared to go?

Ms. LUJAN GRISHAM. Yes, Mr. Chairman, I believe so.

Chairman ISSA. You are recognized. Thanks for coming back.

Ms. LUJAN GRISHAM. Absolutely, thank you.

Actually, before we start, I realize I wasn't here for this statement, but I want to echo what my colleague Congressman Lankford said about gaps in coverage. Coming from a State with nearly 25 percent uninsured, two things have occurred. One, people who as of October 1st couldn't get on the website and are continuing to follow this issue very closely, their individual or family plans expired or were expiring and so they went off the exchange, because they can't get on, and purchased brand new policies for another year. Unlike the small businesses, they are in that now for a year. And they are paying much higher rates than they would have could they have gotten on the individual exchange, because New Mexico is a partnership State.

Then second, as December 15th looms ever closer, we know that that is another important deadline for many individual plans. We have the same issue and I am very concerned about that, and I appreciate that it was brought up. So I told you about what we are working through. We have been fighting for a long time in New Mexico to find ways to have access to affordable coverage. I need, we need, my constituents need this website to work. We need to enroll in the exchange. I know you have heard all day long that we are all frustrated. They are frustrated, I am frustrated. And while I wish that we had better solutions for them earlier on, my biggest concern is that we are reaching a critical point in the implementation time line.

In order to ensure that there is no gap in coverage between plan years, individuals and families who would like to choose a plan from the exchanges, as I said earlier in my remarks, have to be enrolled by December 15th. Your stated goal of fixing the website by the end of November leaves very little room for error. And I know it is not easy. But while you are here, I just want to make sure that for the record, we are emphasizing that there is real urgency here.

Mr. Park, I think that you have a deep appreciation for how transformative good technology can be. But I would like to know if this is a time constraint that you are aware of, and also more broadly if you feel the same urgency that I do about getting the site operational for as many users as possible.

Mr. PARK. Absolutely.

Ms. LUJAN GRISHAM. All right, then, I can imagine that leaving your office for at least an entire day would have pretty important impacts on your work fixing the website. What would you be doing if you weren't here today?

Mr. PARK. I would be working with the team on the site.

Ms. LUJAN GRISHAM. So Mr. Park, I wish that you were working on Healthcare.gov, on the website, right now. And part of this committee's job is to ensure that you have all the tools and resources that you need to do your job. What else can we do to assist you to get this done?

Mr. PARK. Well, again, I am a small part of the broad team that is working incredibly hard, led by Administrator Tavenner and Jeff Zients, and the CMS team. I would say just one member of the team who could be responsive to that. And there are requests for assistance, that would be correct.

Ms. LUJAN GRISHAM. Great. I think we are going to need more clarity about that. I also agree with this committee's efforts to talk about reforming IT procurement. I don't know if today is the day to try to deal with those best practices. Given that States do it poorly and the Federal Government is doing it poorly and that we have spent millions I guess, the whole Country analysis, billions of dollars on IT projects that haven't done well anywhere in the public center. We have to figure out a better way to do that. I hope that this committee will continue to lead that effort in a bipartisan way.

But I want to go back to the situation that we are in. I want to be results-oriented. I want to solve these problems. I feel like we shouldn't be pulling a surgeon from the operating room today. So thank you, Mr. Park. I yield back.

Mr. PARK. May I just make one more statement?

Mr. CUMMINGS. I just wanted you to yield.

Mr. PARK. So do you yield?

Ms. LUJAN GRISHAM. I do.

Mr. PARK. I just wanted to actually not lose the second to last thread that you started, which was IT procurement. I think that is a phenomenally important issue. This committee has done terrific work on it, I think you can actually do more. So I would love to see a high energy bipartisan effort attacking this issue from multiple dimensions. I know less about it than many people on this committee. What I do know is that there is not a single silver bullet. There are decades of practices and rules and laws that have actually led to where we are now. But I think with a concerted effort, high energy effort, bipartisan effort that we could actually take this out and deliver better, faster, higher return results to the American people.

Chairman ISSA. I ask unanimous consent the gentlelady have an additional 30 seconds. Without objection, so ordered. And would you yield to the ranking member?

Ms. LUJAN GRISHAM. Yes.

Mr. CUMMINGS. Thank you.

Chairman ISSA. The gentleman is recognized.

Mr. CUMMINGS. I want to just get to the bottom line here. What will happen is that people are sitting there, and I agree with the gentlelady, looking at results, when we go back to what happened with Lankford and he was trying to get on the page, Mr. Park, and he couldn't get there, could you talk about that for a minute? Because that is real.

And there are probably people watching us right now who are trying to get on the page. Can you tell us what you are doing and how that affects things like that? Because they have reporters now that sit on telecasts, and they say, I waited an hour, I waited two hours. So tell us how that relates to what you are doing, so our constituents can have some kind of assurances that things are going to get better. Do you follow me?

Mr. PARK. Absolutely, sir. Thank you for the question.

I will just answer it quickly, because I know we have limited time. One, there have been dramatic improvements in the ability to, as a consumer, create an account and get on the site. And all the metrics that we are seeing, that has been a function of basically improving the ability of that pat so it can handle volume through capacity expansion, software work and also fixing bugs. So many, many more people are actually able to get through now than at the beginning.

That being said, it is not perfect yet, so I actually would really love to follow up with the Congressman to understand his particular use case and dial that back to work with the team.

Also, there are folks who early on got caught in the middle of that cycle and are stuck there. Those are folks that CMS is now reaching out to, as we talked about earlier in the hearing, to actually get them through the process cleanly. So it is an issue that actually I think has been in large part addressed but there is still work to do. I do want to follow up with the Congressman and understand the specific use case he has had and his situation so we can figure that out.

Chairman ISSA. Thank you.

Now as we go to Mr. Massie, who from a standpoint of his education and known IQ, could in fact rival you as the smartest guy in the room.

Mr. MASSIE. No, I am from the trade school that is a mile down the river from your arts school that you attended.

Chairman ISSA. You had better share that with the rest of the world.

Mr. MASSIE. I went to MIT, you went to Harvard.

Mr. PARK. You could definitely kick my butt, sir.

[Laughter.]

Mr. MASSIE. Maybe we could share some numbers later. I am sure we share an affinity for numbers.

But first I want to talk about the final security control assessment that was prepared by MITRE, and just read a little bit of that. It says MITRE was unable to adequately test the confidentiality and integrity of the HIX access in full. The majority of MITRE's testing efforts were focused on testing the expected functionality of the application. Complete end-to-end testing of the application never occurred.

So this was MITRE's final security control assessment. And we are throwing around a lot of three-letter acronyms, HIX, CMS, ATO. But I have a document that has CYA written all over it here, Mr. Chao. You wrote a letter, and this is the final ATO, or authority to operate, to Marilyn Tavenner, which she signed off on. In this letter, you stated, "Due to systems readiness issues, the SCA," and that is security control assessment, "was only partly completed. This constitutes a risk that must be accepted and mitigated to support the marketplace day one operations."

In this sentence here, and this was written on September 27th, or certainly signed off on September 27th, were you trying to tell your boss that there is a risk and I am not going to accept it, but you must accept this risk, we can either delay the date or we can accept the security risk?

Mr. CHAO. I think I was outlining more of a generalized risk acceptance with a fairly significant rollout of the marketplace system.

Mr. MASSIE. But that risk existed because there had never been an end-to-end security test on this, is that true? That is basically what the letter states here.

Mr. CHAO. I think in previous testimony I have also said that end-to-end is a highly subjective term.

Mr. MASSIE. If it is subjective, how are you going to get it done in 60 to 90 days?

Mr. CHAO. It depends on the scope of what you are trying to put in production.

Mr. MASSIE. Well, the scope is, is our data safe? Is the personal information that Americans enter into the system going to be safe? For instance, in this same letter, and it is a very short letter, signed by Marilyn Tavenner on September 27th, you suggest that we conduct a full security control assessment, so I will let you define what that is, in a stable environment, which implies that you don't have a stable environment right now, where all security controls can be tested within 60 to 90 days of going live on October 1st.

Here is what troubles me about this letter. You are basically saying, look, we can go live but there are going to be security risks. But let's test it on real people's data, on real personal information. Let's test it for 60 to 90 days.

Mr. CHAO. No, that is not what I said. That is not what the memo alludes to. When we do security testing, we don't do it in terms of using live people's data. We do security testing in a pre-implementation environment prior—

Mr. MASSIE. Well, I would contend we are beyond pre-implementation. We are testing this in the real market and it is failing.

You said that the format of this ATO is not typical, is that true?

Mr. CHAO. It is true.

Mr. MASSIE. So you have never seen that sort of format before. Is it a problem that you were not given the final security control assessment prior to authoring the ATO, authorization to—

Mr. CHAO. I don't think that is necessarily a problem, because my staff were copied on it.

Mr. MASSIE. But you didn't get to see it. You said, actually I didn't get a copy of the final ATO.

Mr. CHAO. Correct.

Mr. MASSIE. Those are your words.

Mr. CHAO. Because I was with the information systems security officer in Herndon when these tests were being conducted. It was determined that there was no high finding—

Mr. MASSIE. As the person with responsibility for the authorization to operate, I think you should have been at your desk reading the final security control assessment.

Mr. CHAO. I was there in person.

Mr. MASSIE. But I am glad to see that you covered yourself by putting this sentence in here.

Mr. CHAO. That was not to cover myself. That was a decision memo between her and I.

Mr. MASSIE. Are any among you today willing to bet your job that thousands of people's personal data won't be released because of implementation of this website?

Chairman ISSA. That is certainly a yes or no question.

Mr. MASSIE. That is a yes or no question.

Mr. CHAO. They are trying to ask us to predict something that security vulnerabilities are as, some folks have mentioned before, it happens every day. That is why we do security testing.

Mr. MASSIE. Obviously from the documents here, you weren't comfortable with this, you were trying to transmit to your boss, let me just read your words again, "This constitutes a risk that must be accepted and mitigated to support the marketplace day one operations." In other words, to launch this thing by October 1st you were telling your boss she is going to have to accept some risks that are not normal for this.

[Simultaneous conversations.]

Chairman ISSA. Quickly. The gentleman's time is expired.

Mr. MASSIE. Okay. Mr. Park, we have Mr. Chao saying 17,000 users an hour can subscribe. And we have Mr. Lankford who has been waiting for over an hour and a half. We have five orders of magnitude difference between those two numbers. Which is closer to the truth?

Chairman ISSA. The gentleman may answer.

Mr. MASSIE. How many people an hour are able to enroll in healthcare?

Chairman ISSA. The gentleman previously said 17,000. Is that correct?

Mr. PARK. Seventeen thousand registrations for new account per hour is the number that we have.

Mr. MASSIE. I imagine you have a war room somewhere where you are directing these operations and you have some big number. The only number that matters, how many are enrolling? How many are enrolling right now per hour? Can you tell us?

Mr. PARK. Actually what the war room tracks—

Mr. MASSIE. Just a number. Come on. We both love numbers.

Chairman ISSA. Let the gentleman answer. Your time is expired, please. It is a Harvard-MIT problem, I think.

[Laughter.]

Mr. PARK. In terms of enrollment numbers, those are going to be released by the Administration shortly.

Chairman ISSA. I thank the gentleman. We now go to the gentleman from Pennsylvania, Mr. Cartwright.

Mr. CARTWRIGHT. Thank you, Mr. Chairman.

The Affordable Care Act was passed into law in 2010. It seeks to increase competition in the marketplace, to help bring down health care costs. It ends the practice of denying coverage to those with pre-existing conditions, bans annual and lifetime limits on health care benefits, it also enable parents to keep their children on health care until they are 26 years old, and it makes small businesses eligible for tax credits to ease the burden of employee coverage.

The law also works to strengthen Medicare and will make prescription coverage for seniors more affordable. These tax credits are desperately needed in my district, where nearly 9.4 percent of my

constituents live below the poverty line; 70,000, that is 10.5 percent, do not have health insurance in my district, including 6,500 children. They will be able to utilize the subsidies offered under the Affordable Care Act finally to get health care.

Now, I also want to get to the bottom of what is going on with this website, Healthcare.gov, and I support oversight hearings for that purpose. However, this hearing, like so many previous hearings this committee has held, is clearly an extension of the politically motivated repeal or delay agenda that some of my friends on the other side of the aisle have been pushing since this law was first passed in 2010.

It seems to me that if the chairman really were so worried about getting this website fixed, so that people could actually access affordable health care, he would not have subpoenaed Mr. Park to come in and testify today. In fact, Mr. Park agreed to testify before this committee just two and a half weeks later. But the chairman refused that offer and subpoenaed him anyway. The chairman's subpoena, combined with the constant releasing of partial transcripts, taking witnesses' quotes out of context, it seems like it is part of a predetermined political strategy rather than a constructive effort to conduct responsible oversight as this committee is supposed to do.

In fact, although the chairman claimed otherwise in his opening statement here today, the House Republican Conference is politicizing this issue. And here is the proof. They have issued a playbook to Republican Members, and they actually call it that, a playbook, right on the cover of the thing. It doesn't say how to fix problems with the website or improve the process, or work to ensure Americans health care. It tells them how to exploit any challenges or glitches for their own political gain.

I am not saying all Republicans are doing this. But it certainly seems to me in this forum that the chairman of this committee is.

Chairman ISSA. Would the gentleman like to place that into the record? Because I haven't seen it.

Mr. CARTWRIGHT. Yes.

Chairman ISSA. Without objection, so ordered.

Mr. CARTWRIGHT. It is my hope that we can have oversight without this kind of gamesmanship and partisan politics as this committee has been able to do in the past. I really would like to get to the bottom of what is going on with the website, because I want my constituents to be able to sign up for quality, affordable health care.

Mr. Chao, on November 7th, Chairman Issa issued a press release with the headline "ACA Testing Bulletin: Healthcare.gov Could Only Handle 1,100 Users Day Before Launch." He then accused Jay Carney and Mr. Park of making false statements to the American people by suggesting that officials estimated capacity at about 60,000. That is what the chairman said, "Jay Carney is being paid to say things that aren't so. But in this case, Todd Park and other people who knew the facts, who had to know the facts, and the facts were from documents we received from lead contractors that slowed down to an unacceptable level at 1,100 users. Well, in fact, Todd Park was telling us that at 60,000 was the target and at 250,000 they just couldn't handle it."

As the basis for that allegation, the chairman quoted from a testing document that he released which says this, "Ran performance testing overnight in IMP1B environment, working with CGI to tune the FFM environment to be able to handle maximum load. Currently we are able to reach 1,100 users before response time gets too high."

Mr. Chao, it is my understanding that the IMP1B environment was only a sample testing environment, not a test of the full production capacity of the entire website. Am I correct in that?

Chairman ISSA. The gentleman's time has expired, but the gentleman may answer.

Mr. CHAO. You are correct, the what we call implementation 1B environment is about 10 percent the size of the full production environment.

Mr. CARTWRIGHT. Thank you. I yield back.

Chairman ISSA. I thank you. We now go to the gentleman, Mr. Meadows. Mr. Meadows, would you yield for just 10 seconds for a comment?

Mr. MEADOWS. Certainly, Mr. Chairman.

Chairman ISSA. I never could quite understand how this thing could handle 60,000 simultaneous users but only do six in a day. So maybe unlike some of the smart people here, I just don't get it. But six in a day doesn't seem like 60,000 simultaneous users. I thank the gentleman.

Mr. MEADOWS. Thank you, Mr. Chairman, and thank each one of you for coming to testify. Mr. Park, you are not old enough probably to remember this, but I remember the Six Million Dollar Man. You are now the \$600 million man, because you are coming in to fix all this. So we are hopeful that you, based on the people that I represent, that you are successful by November 30th.

We do want to ask you, though, how do we define success? Because the talking points are all that it is going to be fixed for the vast majority of Americans as they go on. And we see Mr. Lankford here, he can't get on. So what is success? Is it a 98 percent without wait time? How do we define success so on December 1st, we will know whether you were worth \$600 million or not?

Mr. PARK. Thank you for your comment sand your question. First of all, I am just a small part of the team working to fix this.

Mr. MEADOWS. So what is success?

Mr. PARK. Success is, first of all the site will most definitely not be perfect.

Mr. MEADOWS. But when the President asks you, were you successful, how do you define success?

Mr. PARK. First of all, on a system that is stable, so it is actually up and running consistently.

Mr. MEADOWS. What percentage of the time? Ninety-eight percent of the time?

Mr. PARK. One proxy that we are using actually is, for its performance in general is response time and error rate. And if the system actually has issues and goes down then actually these things can then exacerbate those rates.

Mr. MEADOWS. I am going to run out of time. What I would ask you to do is, for the record, get to the committee what we can look

to so we can disseminate to all of America on what success is, so on December 1st, we will all know.

Mr. PARK. I will take that back, absolutely.

Mr. MEADOWS. All right, thank you.

Mr. Chao, much of your testimony is, I have read some of your testimony and it seems to be a little different. But I also know that you had several meetings, ongoing meetings with White House staff over this process, is that correct?

Mr. CHAO. I accompanied Marilyn Tavenner and other directors, such as Gary Cohen.

Mr. MEADOWS. So how many times were you at the White House?

Mr. CHAO. Over the course of three years, maybe less than two dozen times.

Mr. MEADOWS. Because the logs suggest 29 times, is that correct? Would that be in the ballpark?

Mr. CHAO. That might not be accurate, because some meetings were—

Mr. MEADOWS. Who conducted these meetings? Jeanne Lambrew?

Mr. CHAO. I believe her name is pronounced Lambrew. There were meetings conducted by her. Also, I met with Steve VanRoekel.

Mr. MEADOWS. In those meetings? So you all were a part of those meetings?

Mr. CHAO. No Steve chaired a—

Mr. MEADOWS. I am asking about the White House meetings. So there were 29 White House meetings of which you had this group. Who were the people in the room? Were you in there?

Mr. CHAO. I am not trying to be difficult, but there are different parts of the White House. There is a White House conference center.

Mr. MEADOWS. Okay, the meetings with Jeanne, she was leading, the 29 meetings, about two dozen.

Mr. CHAO. That was probably less than a handful.

Mr. MEADOWS. Okay. I guess my question is, I am a little confused how the President would be surprised that this was such a debacle on October 1st if you all were meeting regularly with the White House. Why would they be surprised on October 1st that it didn't roll out the way everybody thought it should?

Mr. CHAO. I think the subject matter, at least with my attendance being there, was to discuss things such as the status of the Hub development.

Mr. MEADOWS. So did anybody express concern that there was a problem, that October 1st there was going to be a problem?

Mr. CHAO. No.

Mr. MEADOWS. There was no one in that room? We had all the brightest minds in the world in this room and no one anticipated a problem on October 1st?

Mr. CHAO. They were highly specific issues, such as working on 6103 requirements with IRS, Privacy Act implementation with SSA, they are very operationally specific.

Mr. MEADOWS. So you all weren't meeting on how the website was going to work?

Mr. CHAO. Not meetings—my meetings were more operationally focused about implementation.

Mr. MEADOWS. So it is plausible that the President would be surprised that this wasn't going to work, based on those meetings?

Mr. CHAO. I wouldn't know that.

Mr. MEADOWS. So who would have been in the best position to be able to advise the President that we were going to have this unmitigated mess? Anybody in that room? Who should we bring back here, I guess is what I am saying, Mr. Chao, that can help the American people understand why this was such a fiasco?

Mr. CHAO. I really don't have an answer to that.

Mr. MEADOWS. Mr. Chairman, I yield back. It is amazing how we could find how you can't answer a simple question for the American people.

Mr. CHAO. I don't think that is for me to decide.

Mr. MEADOWS. I asked the question. It is for you to answer.

Mr. CHAO. Okay, so my answer is, it is not really for me to decide.

Chairman ISSA. Mr. Meadows, your time is expired and I strongly suspect that as is often said in politics, success has many fathers, quite a few mothers, plenty of relatives, but failure is an orphan. You are going to find an orphan here, if I have ever heard or seen one.

With that, the patient gentleman from Massachusetts, Mr. Lynch, is recognized.

Mr. LYNCH. Thank you, Mr. Chairman.

I want to thank the members of the panel for coming forward and their willingness to help the committee with its work.

I do want to say just at the outset that my experience in Massachusetts with the Massachusetts health care, so-called RomneyCare, that was a precursor to this in many ways, I am speaking of the Affordable Care Act, also rolled out very, very slowly. That is my experience, being on the ground in Massachusetts when that plan went forward. So it was very slow in ramping up. Of course it didn't have the urgency of this program. It was sort of planned that way.

I also remember the Medicare Part D Act, which was a Republican initiative, also rolled out extremely slowly. I know a lot of my seniors, I had to do 16 town halls around my district to try to tamp down the backlash because of the slowness of how that was ramped up. So this is not, this experience is not out of line with those other two programs. So I just wanted to make that note.

I have had a chance to go out and talk to some of the outreach workers. A lot of the outreach on the Affordable Care Act in my district is being conducted through the local community health centers. I have basically an urban district. So the health center employees are going out and signing people up.

One of the concerns that they have raised is that the Affordable Care Act is so focused and sort of facilitated by an email address. People have to have an email address in order to interact with this whole thing. If you look at the demographic of the 31 million people who we are trying to get health care to that were not receiving health care before, the poor, the elderly, that is a high correlation

between folks who didn't get health care before and don't have an email.

So the outreach workers, when I said what is your biggest problem, they said, well, when we are working with the elderly and we are working with low income families, the poor, they don't have an email address. And the system we have is basically, it requires an email address. To do it otherwise, to scratch that itch, we are somehow going to have to close that gap. Because a lot of these folks don't have email addresses and yet they are the very people that we are trying to get health care to.

Has any thought been given to, look, this was supposed to be the easy part, getting people up on the grid. I am not talking about making health care affordable or high quality health care or making sure access is there. Just getting up on the grid, this was supposed to be the easy part.

So I am concerned, I am concerned about where we are today and where we need to get to in order to meet any definition of success. So what are we doing about those people, who don't have an email address because they are poor or elderly, they are not on the grid? How are we going at them? Anybody got an idea?

Mr. CHAO. We do operate call centers. We have 12 call centers in which people can work with a live person online to fill out the application and to go through their determination process and to select a plan.

Mr. LYNCH. Yes, but at least the workers I have talked to have said it is like 31 or 34 pages. Do they have to go through a 34 page application on the phone?

Mr. CHAO. I think what happens, the call center experience is, isn't you are necessarily filling out a paper application. You can start that way and submit it that way. But I think you can also start with a call center representative.

Mr. LYNCH. Well, I am not so sure that is working. That might be part of our problem. I have a district where I have a lot of seniors, a lot of folks that are struggling. So we have to figure that one out.

Mr. CHAO. We can certainly confirm that, that process or that procedure.

Mr. LYNCH. That will help.

The other situation is this. At the same time that we are trying to get this up, get people on the grid, we have employers that are making decisions not to continue health care plans for their employees. So they are unplugging and they are sending people to the exchanges. So I have employers out there, a lot of them in the construction industry, that are saying, I know I used to provide health care for you, but now I want you to go to the exchanges and get them. So they are unplugging, they used to provide health care. And now these employees in the construction industry are trying to plug in. And they are having these problems.

I am wondering, is there any way to sort of make sure that that unplugging doesn't occur until we have a platform that we are confident people can plug into? I think there is going to be a gap here. It concerns me greatly that we have so many people in the construction industry that are, and I have met with union employers, about 50 union employers and about 35 non-union or open shop

employers that are both having the same problem. I think there is a mismatch in what is going on here, where the employers are disengaging and sending their employees to the exchanges. And when they try to go to the exchanges, they are having problems signing up. I am wondering if there is some corrective action that we might be able to take, either delaying the process for employers to disengage or just giving people time to hook into the system that is not ready for prime time.

Chairman ISSA. The gentleman's time is expired. The gentleman may answer. If the gentleman would yield just briefly?

Mr. LYNCH. Sure.

Chairman ISSA. I was hoping you would suggest the question of, can't we do this by mail.

[Laughter.]

Mr. LYNCH. That is an inside joke.

Chairman ISSA. But in all seriousness, the fact is that if somebody doesn't have email capability, why couldn't they make a call to a call center, receive those many pages, fill out that paperwork, return it in a self-addressed stamped envelope, so that in fact the Post Office could ensure that the elderly people not comfortable with email and so on.

Mr. LYNCH. Well, it is just my thought, and I won't take longer time than you did, but I know that generally, we are trying to get away from a paper process. So I suppose as a little inefficient it might be necessary, but it is not the ideal now.

Mr. CHAO. Could I just answer that? It is not really, we are not considering that as a last resort, because paper is a last resort, but we do make accommodation, if you want to start the process in paper, you can, and then mail it in to our eligibility support worker contract, which will then take you through the rest of the process.

Chairman ISSA. I thank you.

And with that we go to the gentleman from Michigan, Mr. Amash.

Mr. AMASH. Thank you, Mr. Chairman. I am going to yield my time to my friend, the gentleman from Ohio, Mr. Jordan.

Chairman ISSA. The gentleman from Ohio is recognized, and without objection, the gentleman from Ohio will be able to control the time.

Mr. JORDAN. I thank the gentleman for yielding.

Mr. Park, Mr. Meadows asked the pertinent question. There were a series of meetings held at the White House, weekly meetings that were presided over by folks in the White House. Mr. Meadows asked who were those people who need to come in front of this committee who can answer the questions. The questions like, why didn't you know that the security assessment wasn't completely done end-to-end testing? Who can answer the questions about why you decided to go ahead and launch this on October 1st?

And we know who that person is, because according to the Washington Post story, November 2nd, a memo that they got from David Cutler spells it out. Mr. Cutler said, we need to put someone from the private sector in charge, someone who has run a business, someone who has that kind of experience and expertise. And the President said no, he had already put in the article, he had already made up his mind, Nancy Ann DeParle is that person.

So that is the person we need, Mr. Chairman.

And Mr. Cutler also points out, Mr. Meadows referenced this as well, according to the memo, the overall head of implementation inside HHS was Jeanne Lambrew. So those are the two people we need. Would you agree, Mr. Park, they need to come here and tell us what took place, why these decisions were made, why it was done the way it was done, these are the two key people? This is the lady the President said, no, that is who I want in charge. Even though Peter Orzaq, Larry Summers, Zeke Emmanuel and David Cutler said, put someone else in charge, the President said, no, I want Nancy Ann DeParle in charge, don't you think she should come in front of this committee, Mr. Park?

Mr. PARK. Respectfully, I can't really speak to that, sir.

Mr. JORDAN. I know. We are probably going to have to do the same thing for her that we did for you, we are going to have to subpoena them. Because yesterday, last week, the Chairman and I sent a letter to the White House asking that simple question, would Ms. DeParle, the person hand-picked by the President to run this operation, would she come in front of this committee and testify about this disaster this rollout has been, and would Ms. Lambrew come as well. And the response we got back yesterday from the White House was, thank you for inviting us, but we are not coming.

So it looks like we are going to have to do the same thing, Mr. Chairman, that we had to do with Mr. Park, to get the two key people to come here.

Now, according to White House logs, Mr. Chao, you testified you had been there been 10 and 29 times to these meetings, and Mr. Park, nine times according to White House logs, you have been to nine of these where Jeanne Lambrew ran the meeting. Is that correct, Mr. Park, you went to the White House when Ms. Lambrew ran these weekly meetings?

Mr. PARK. I can't verify that.

Mr. JORDAN. But that is what the visitors log says. Were you in meetings with Nancy Ann DeParle and Jeanne Lambrew at the White House?

Mr. PARK. From time to time, yes.

Mr. JORDAN. And of course the meetings were about the rollout of the Affordable Care Act and the website?

Mr. PARK. As I recall, there were different kinds of meetings that I attended from time to time.

Mr. JORDAN. Were they about ObamaCare, Mr. Park?

Mr. PARK. They were about the Affordable Care Act.

Mr. JORDAN. Right. And what is your official title? You are head of information technology for the entire United States? That is your title? So I assume it was about information technology, correct?

Mr. PARK. No, actually, sir, first of all, I am a technology and innovation policy advisor in the Office of Science and Technology Policy. So I am not the head of IT for the U.S. Government, just to clarify. And I can't actually recall, like for the meetings, what particular topics were discussed, off the top of my head. So unless there is more specificity.

Mr. JORDAN. At any time during these nine different meetings you had, or more, for that matter, meetings you had, was the roll-

out of ObamaCare discussed and the concerns about this thing not being ready on October 1st?

Mr. PARK. Again, without more specificity—

Mr. JORDAN. Mr. Chao, on these meetings, who ran the meetings that you attended 29 times at the White House? Who was in charge of running the meetings then? Were any of those meetings run by Ms. Lambrew or Ms. DeParle?

Mr. CHAO. I don't think it was 29 times.

Mr. JORDAN. You testified between 10 and 29. So whatever the numbers, in those meetings when you were at the White House, were any of those run by Jeanne Lambrew or Nancy Ann DeParle?

Mr. CHAO. One was run by Nancy Ann and one, just a couple I attended that was with Jeanne Lambrew. And as I mentioned before, my role was to provide a five-minute status on Hub development.

Mr. JORDAN. I am not worried so much about your role. I just want to establish the fact that you were at the White House between 10 and 29 times. Mr. Park was there nine times. Mr. VanRoekel, how many times were you in these weekly meetings at the White House?

Mr. VANROEKEL. I don't recall. I didn't attend any weekly meetings.

Mr. JORDAN. Were you in any meetings with Jeanne Lambrew or Nancy Ann DeParle?

Mr. VANROEKEL. I have been in the company of those two people.

Mr. JORDAN. Regarding the Affordable Care Act?

Mr. VANROEKEL. Maybe once or twice.

Mr. JORDAN. Okay. Mr. Chairman, my time is expired. But those are the two people, those are the individuals that need to come in front of this committee. And we can't accept the fact that we get a letter from the White House that says thank you, but we are not coming.

Chairman ISSA. I thank the gentleman. I would note for all members that there is a vote out on the Floor. We are going to go until the very last minute. What I would ask is, if Mr. Bentivolio or Mrs. Lummis, do either of you have specific questions for Mr. Park?

Mrs. LUMMIS. I do not.

Chairman ISSA. Then Mr. Park, because we would otherwise keep you for longer than I think is necessary, I want to thank you for being here. I apologize to the other witnesses, you get to stay through the vote. But Mr. Park, you have been a very cooperative witness. I appreciate your being here. I believe you are being here as a person we are going to look to to get this right by November 30th. It was critical I appreciate your being here and without objection, you are dismissed.

Mr. PARK. Sir, just one more request?

Chairman ISSA. Sure.

Mr. PARK. Would someone send me contact info for Congressman Lankford, just so I can follow up?

Chairman ISSA. We will have that contact information given to you. I will do one other thing quickly. If when you go back, since you are a Federal employee, go to the FEHBP website. What you will find there in a .pdf form is a spreadsheet. Now, Mr. Chao seems to think that it was not important to give people a shopping

list. But I will tell you, if you are Federal employee, postal or non-postal, you can go to that website, you can look at every single plan and it will tell you how much the annual rate is, the bi-weekly rate, how much your government pays for you and how much you will pay by plan.

Now, that doesn't let you endlessly look at the details of the plan. But for 230-plus plans spread over not just 50 States but the District of Columbia and Puerto Rico, we provide this to the Federal workforce. I might suggest that if you can't get some form of legitimate, open shopping list up quickly, that currently telling people what their rate is, if they are 27 or 50, is disingenuous, because it distorts what the real rates are. And that a splash page like this, or a .pdf, so people could look at all the plans, and by age, depending upon what their age is, they would know what the rate is, could be done in a matter of hours by a tenth grader.

And that might suffice until this program is available.

Mr. CHAO. Can I make a comment really quickly? In my oral remarks, I mentioned that we are working on a premium estimation tool that will give you more details than just the very coarse under 49, over 50, so that you can browse plans. We are working on that.

Chairman ISSA. But understand, your under 50 is 27, your over 50 is 50. That misstates, because it is age-based, it misstates the truth. If you were picking it, you should have picked 64 and 29, and you would have gotten much higher rates, if you are going to give anecdotal. But the truth is, a simple spreadsheet that Microsoft, forget about Microsoft, Supercalc could have given you that spreadsheet before many of my staff were born. And that could have been made available very quickly.

So I might suggest that the American people deserve to know that a plan based on their age is X amount and a free look would be very helpful. I commend you to look at FEHBP and what we do for ourselves as Federal employees.

And with that, I am going to go to the gentleman from Michigan, I believe we have time. Mr. Bentivolio.

Mr. BENTIVOLIO. Thank you very much, Mr. Chairman.

Gentlemen, are you familiar with Brook's law? Anybody? Brook's law? That is the first thing you learn in software development. You need to divert developers to training new developers you added to the project, which kind of tells me that November 30th rollout is another hope and a dream.

Are you familiar with this, Information Technology, Critical Factors Underlying Successful Major Acquisitions, dated October 2011, nine best practices?

Mr. CHAO. I think I perused it.

Mr. BENTIVOLIO. Oh, good. So you are familiar with, well, you perused it, you didn't study it, apparently you didn't.

Mr. CHAO. I was busy working on the marketplace program. So I don't have a whole lot of time to read a lot of other materials.

Mr. BENTIVOLIO. Are you familiar with this fix that you are putting in for ObamaCare, you are diverting people that understand the software to train people, additional people to come in and fix the problem?

Mr. CHAO. Yes, I think that is what is happening now.

Mr. BENTIVOLIO. You think. Okay. I am going to list three. Program officials, three of the nine best practices essential to IT, which you did not implement. Program officials were actively engaged with stakeholders, ObamaCare rollout apparently lacked senior oversight for most senior technology officials, including Federal CIO, Federal CTO and HHS CIO.

Mr. Powner, what should take from this report?

Mr. POWNER. Clearly, those are best practices. What we did, that was a report that we did, we always report on failures. So we actually went to ten agencies and we asked them for a success story. So there are seven successful acquisitions in there and we asked why they were successful. None of that is a surprise. It is defining your projects right up front, putting the right people in charge, good communications with contractors and managing best practices throughout the life cycle.

So it is something everyone at this table knows needs to be done on successful acquisitions. Mr. Chairman, I think FITAR and where we look at the acquisition process, and the whole bit, that is fine, that is going to be very helpful. But a lot of this just gets down to solid governance and good management and the right attention on these projects. That is what those practices really highlight.

Mr. BENTIVOLIO. Thank you. Mr. Chairman, I would like to yield the rest of my time to Mr. Meadows. Thank you.

Chairman ISSA. The gentleman is recognized.

Mr. MEADOWS. I thank the gentleman from Michigan. And I have a question. I have been running the numbers, and my understanding is, we are creating this site to create a system that is available for 17,000 users per hour, is that correct?

Mr. CHAO. The way it was described is that the first part of the process is, you have to register for an account. That current capacity is running at 17,000 registrations per hour.

Mr. MEADOWS. So what are we building the system to be able to handle in terms of capacity, 17,000 or higher than that?

Mr. CHAO. It is approximately 48,000 to 58,000 users in the system. By that I mean you could be on the learn side just looking at static web pages to actually actively filling out an application.

Mr. MEADOWS. What is the smallest end of the conduit? What truly is it, 17,000, 25,000 or 43,000? What is our smallest ability in terms of volume to handle in terms of capacity?

Mr. CHAO. I think right now there is about, on average, somewhere between 22,000 to 25,000.

Mr. MEADOWS. So that is what we are building the capacity to, 25,000?

Mr. CHAO. Per hour it is sitting right around that.

Mr. MEADOWS. And that is what we are building it to, that is the specs?

Mr. CHAO. Actually a little exceeding that. For example, the front part, identity management part, we are going to apply some improvement that is going to go to 30,000 registrations per hour.

Mr. MEADOWS. Let me tell you the reason why I ask. I have done the numbers. If you take the number of uninsured Americans that are out there, and if they got on the system today, 24 hours a day, which we know doesn't happen, it would be 43,000 people an hour.

So we are building a system that won't even take care of the uninsured people that we have right now. So how are we going to be successful?

Mr. CHAO. I would like to look at your calculations.

Mr. MEADOWS. It is 50 million people, you can do it over the next 48 days.

Mr. CHAO. I don't think the estimates were there.

Mr. MEADOWS. I know the estimates weren't there. But if you do the math, that is what works. I yield back.

Chairman ISSA. I thank the gentleman, and I am sorry that you have to look at his figures, that in fact the burn rate necessary to get done wasn't understood from day one, and the surge requirement at 4:30 in the afternoon or 5:30 in the afternoon Pacific Time wasn't in fact what you were looking at. I know Mr. VanRoekel would understand that you need two or three or four times the highest capacity to deal with when people actually are going to log on and try to do it.

Mrs. Lummis is recognized.

Mrs. LUMMIS. Thank you, Mr. Chairman.

Mr. Chao, you said that NIST defines high risk as a vulnerability that could be expected to have a severe or catastrophic adverse effect on individuals or organizational operations or assets. I want to focus on the part about the severe or catastrophic adverse effect on individuals.

Is it true that there were two high risks that continue to be found related to the marketplace information systems that you weren't told about at the time?

Mr. CHAO. I think you are referring to the September 3rd authorization to operate.

Mrs. LUMMIS. I am.

Mr. CHAO. Those two findings were, I think earlier in the hearing today, we clarified that that was dealing with two components of the marketplace systems that deal with plans submitting dental and health plan information, qualified health plan, and didn't involve any personally identifiable information.

Mrs. LUMMIS. The memo I have is redacted. So it doesn't, I don't have the information that you just testified to because of the redactions in the memo. So maybe that is correct, maybe it is not. Are you testifying that that is absolutely what it is about?

Mr. CHAO. Yes, because I saw an unredacted version that was handed by committee staffers to me last week. And if it has been redacted, it has been redacted by someone else.

Mrs. LUMMIS. Did one of the risks outlined in this memo pertain to the protection of financial or privacy data?

Mr. CHAO. I don't have it right in front of me. I think there was an appendix section. But I don't recall seeing that.

Mrs. LUMMIS. So you don't know whether financial and privacy data were outlined as a risk in this memo?

Mr. CHAO. I don't believe so, because it dealt with our plan management or our qualified health plan submission module, which are data that is submitted by issuers and dental providers.

Mrs. LUMMIS. Is it true that the internal memo, this memo, outlined one of these risks as the threat and risk potential are limitless?

Mr. CHAO. No. I think it is referring to a very specific type of risk when you allow an upload of a file that has an internal macro that runs. But it is not about people. This is not personally identifiable information.

Mrs. LUMMIS. What is it about?

Mr. CHAO. It is plans submitting their network adequacy. It is basically worksheets that contain information about the benefit data that each issuer submits.

Mrs. LUMMIS. Okay. I am going to switch gears. Mr. Chao, did you brief White House officials prior to October 1st about the status of the website?

Mr. CHAO. No, not directly about the website.

Mrs. LUMMIS. Who did?

Mr. CHAO. I don't know.

Mrs. LUMMIS. Mr. Baitman, did you?

Mr. BAITMAN. I did not.

Mrs. LUMMIS. Mr. VanRoekel, did you?

Mr. VANROEKEL. Not only do I not know that that happened, I don't know and I did not.

Mrs. LUMMIS. When Mr. Jordan asked you some questions, one of the things that he asked you was about your involvement in meetings. He was specifically referencing Ms., I am looking for the name. Well, let me just ask you this. Were any of the meetings you attended at the White House?

Mr. VANROEKEL. It depends how you describe the White House.

Chairman ISSA. The White House includes Treasury, the Old Executive Office Building, the New Executive Office Building, and the White House proper at a minimum.

Mr. VANROEKEL. I didn't know if you were talking about physical or organizational.

Chairman ISSA. Organizational.

Mr. VANROEKEL. I work in an agency that is part of the Executive Office of the President. So every meeting I have is considered sort of part of that organization.

Mrs. LUMMIS. And was Ms. Lambrew present?

Mr. VANROEKEL. As I mentioned in my answer to Mr. Jordan, in one to two meetings, yes.

Mrs. LUMMIS. And what were those meetings about?

Mr. VANROEKEL. Those particular meetings were dealing with, they were asking actually, my private sector advice on demand generation and marketing to young people, how to use social media to reach out to uninsured Americans.

Mrs. LUMMIS. So who was briefing the White House about the status of the website? No one? Did no one brief the White House about the status of the website before October 1st? Mr. Chao?

Mr. CHAO. Not me personally, but our administrator, Marilynn Tavenner, certainly is representing the agency. So you might want to ask her.

Mrs. LUMMIS. So we don't know whether the status of the Federal exchange and the data, how they were ever a focus of meetings between White House and HHS personnel before October 1st?

Mr. CHAO. I think what I said earlier, that in the meetings I attended, I provided status briefings on the progress of certain IT builds like the data services Hub.

Mrs. LUMMIS. And your reports on the status of the builds set off alarm bells with them?

Mr. CHAO. No, because the data services Hub was actually performing well and on time. And it received its authority to operate in August.

Mrs. LUMMIS. Okay. So what happened between August and October 1st?

Mr. CHAO. I didn't attend any White House meetings.

Mrs. LUMMIS. What happened with the performance of the Hub?

Mr. CHAO. The Hub is doing fine. It is doing what it is intended to do.

Mrs. LUMMIS. Mr. Chairman, I yield back.

Chairman ISSA. I thank the gentlelady.

I will be brief. Mr. Chao, the EIDM, or what I call the front door, is what didn't perform well, isn't that true?

Mr. CHAO. Correct.

Chairman ISSA. And since the system was designed so that you had to go through the front door to get anything else, it doesn't really matter if you had 60,000, 600,000 or 60 million capability, if the American people had to go through that front door and only six got to the end, we can presume that the number that existed just prior to launch of 1,100 in that so-called minimized test, or as you said, it was only one-tenth the amount, really wasn't true. The truth is that when people got time outs as they tried to register, as they tried to go through the EIDM, the marketplace Hub, one that you forced them through by in September determining that they could not look at a splash page to get a price idea if nothing else was available.

That front door being blocked is essentially the reason that the American people have wasted, for the most part, a month trying to get registered, isn't that true?

Mr. CHAO. No, it is not true.

Chairman ISSA. Yes, well, it is.

Mr. Baitman, where were you, since you and Mr. VanRoekel are critically part of this process? Where were you, and Mr. Park was brought in afterwards, where were you in the months and years leading up to this? Why is it that you were not aware that on day one, this product was going to fail to launch in any legitimate, acceptable way?

Mr. BAITMAN. As I indicated in my opening testimony, HHS is a federated agency.

Chairman ISSA. Okay, not your job, this is an orphan.

Mr. VanRoekel, you came out of the private sector. Bill Gates and Steve Baumer and a lot of other people at Microsoft would have had somebody's neck hung, maybe not literally and maybe not fired them, but they would want to know, demand to know, Steve Jobs, when he was alive over at Apple or NEXT and the other programs, they would have said, who the blank is responsible for this failure? Can you tell me today whose job it was to make sure that we didn't have this dreadful failure to launch that didn't call the one person that should have known and didn't do their job? One person? Who was that person?

Mr. VANROEKEL. As I said earlier, I wasn't close to the actual development. I am not in a position to make that call.

Chairman ISSA. Okay, so I had you and Mr. Park, Mr. Baitman, Mr. Chao, we will leave the GAO out of it, because we are probably going to ask them and others to help us find out. But none of you today can tell us who failed to do their job. And as a result, the American people lost a month of any effective, real ability to sign up. This website was dead at launch for all practical purposes.

And I am sorry, Mr. Chao, you can give me all the numbers you want, six on the first day, 240 on the second day, when millions of Americans were trying to make this work. We may disagree on ObamaCare, but we don't disagree that that was unacceptable. You heard it on both sides of the aisle.

Mr. VanRoekel, I think you fail to understand, you and Mr. Baitman and all of you in the Administration who were allowed to go to those meetings, Mr. Powner would tell you that best practices should be a lot more like it is at Toyota Company or Honda. In the production line, one person who sees a bad car coming down is allowed to stop the production line. In this case, a really defective, something that would make the Edsel look like a success story, launched on October 1st and nobody said, here today or for that matter since I have been listening to the various hearings, nobody said, I should have pulled the stop button.

Mr. Chao, you refused to answer give a grade. Mr. Baitman, you refused to answer give a grade. Mr. VanRoekel, you refused to answer to give it a grade. Well, I am going to give it a grade. This was an F. Or on a pass-fail, this was a fail. Every one of you should have been close enough to know there was something wrong, to ask somebody in one of those many meetings, are we sure this is going to work. And at least get an assurance from somebody that it would.

Mr. Powner, I want to thank you for being here today. Although many people have talked about FITAR and what we need to do in legislation, you are the only person here that represents an organization that has said, there is a right way to do it, we have looked at agencies at the Federal Government who have done it right, and like you, we normally look at the agencies that fail. We look at the program out of Wright-Pat that failed and lost us a billion dollars. We are looking at failure that cost the American people millions of their hours, frustrated, trying to get online to check whether or not health care is going to be more affordable for them.

So I look forward to all of you being part of the process of best practices in your job going forward. But I look also with all of you realizing without legislative change, we will be back here again, with everybody saying, I didn't fail to do my job, even when a product failed to launch.

And with that, you are dismissed. We will set up the next panel for after the vote.

[Recess.]

Chairman ISSA. Now for our second panel we have Richard Spire, Former Chief Information Officer at the Department of Homeland Security. And Ms. Karen Evans is the former Administrator of the Office of Electronic Government and Information Technology at the Office of Management and Budget.

Pursuant to the rules, all witnesses will be sworn. Would you please rise, raise your right hand to take the oath.

Do you solemnly swear or affirm that the testimony you are about to give will be the truth, the whole truth and nothing but the truth?

[Witnesses respond in the affirmative.]

Chairman ISSA. Please be seated.

Let the record reflect that both witnesses answered in the affirmative.

In order to save time, we ask that the entire opening statements of both witnesses be placed into the record. Without objection, so moved.

We now will allow you to abbreviate, since your entire opening statement is in the record. Try to stay within the five minutes.

Ms. Evans?

STATEMENT OF KAREN EVANS

Ms. EVANS. Good morning, Chairman Issa, Ranking Member Cummings and members of the committee. I am pleased to be invited back to share my views of ObamaCare implementation, the rollout of Healthcare.gov.

From an IT implementation standpoint, Healthcare.gov was a classic IT project failure that happens in the Federal Government too frequently. As the executive leadership at the Federal Departments and agencies, the President's political appointees are at the top of the management chain for Federal employees and contractors. In looking for the cause of this failure, some point to the lack of testing. Others, including the President, cite the challenges of the IT procurement process. And still others note the complexity of the program and the interfaces with private insurance company systems.

However, the cause of this failure was not the complexity of the program nor the procurement process nor the testing. The functionality and the shortcomings of Healthcare.gov are a result of bad management decisions made by policy officials within the Administration. They did this to themselves. And if they are now surprised, it is because their own policy officials failed to inform them of the decisions they have made and the consequences associated with those decisions.

As soon as this legislation was passed, there were policy decisions which needed to be made. These policy decisions would drive the technical design of healthcare.gov IT systems. They fundamentally determined the workflow and business processes driving how the law would be implemented.

I have been on both sides of policy implementation, as a career civil servant and as a political appointee. The problems with Healthcare.gov are symptomatic of a recurring problem. Passing a law or issuing a policy is not enough. If there is a new law, management reform or policy initiative you want to accomplish, then you as a policy official need to be engaged during the implementation to assure there is an appropriate, integrated project team in place to manage the day to day operations.

All levels of the organization need to be willing to get into the weeds to understand these intricate aspects of management and implementation. Because the devil is in the details. Someone can change a seemingly innocuous requirement in a meeting and cause

a huge impact on schedule, cost or functionality. IT projects are particularly good at highlighting management failings, because they require coordination between the many different parts of an organization. If the agency's CIO is not actively at the management table, participating in those decision, and more importantly, explaining the ramifications of the policy decisions they are making, the projects get off track and ultimately fail.

The chief information officer is the person in the C suite who has the capacity to translate technology issues into business-speak for other business leaders. When a technical implementation specification hinges on a policy decision, the technical team depends upon the CIO to elevate the question to the appropriate decision maker. Because the CIO can speak to senior executive in terms that are relevant to them and can state potential consequence in terms of political and policy values, the CIO is in a unique position to ensure that policy officials do not regard those decisions as staff level functions. And if these potential consequences are significant, then departmental and White House officials may need to be briefed by the CIOs.

In the wake of the Healthcare.gov implementation failure, some analysts have asserted that the private sector could have done this better, thereby implying that there are some conditions inherent in Federal IT which impede success and impair Federal CIOs. It is certainly true that Federal CIOs are burdened by deliberative restraints placed upon them by Congress and OMB. But Federal CIOs also enjoy freedom from competition and the whims of the market.

Overall, Federal CIOs and commercial CIOs are more similar than different. We all have the same job description: to be the technical, savvy member of the executive team, to provide value through innovation, to manage data as a strategic asset, and to lead a large team of technologists and inspire them to achieve greatness. Whether a CIO is at a large or small organization, bureau level or department, public sector or private, the scale may differ, but the management challenges are the same.

I have included in my written statement some key questions which every CIO should be asking; but more importantly, the CIO should be able to answer these questions for their leadership in clear business terms. Thank you for the opportunity to testify today, and I look forward to answering any questions.

[Prepared statement of Ms. Evans follows:]

STATEMENT OF
KAREN S. EVANS
FORMER ADMINISTRATOR FOR ELECTRONIC GOVERNMENT AND
INFORMATION TECHNOLOGY
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
November 13, 2013

Good morning Chairman Issa, Ranking Member Cummings, and Members of the Committee. I am pleased to be invited back to share my views on "ObamaCare Implementation: The Rollout of HealthCare.gov" My remarks today will discuss best practices for major Information Technology (IT) systems implementation, how policy decisions drive the technical specifications for IT systems, and the role of the CIO in elevating these decisions to policy officials.

Typical IT Major Project Failure

From an IT implementation standpoint, Healthcare.gov was a classic IT project failure that happens in the Federal Government too frequently. As the executive leadership of Federal departments and agencies, the President's political appointees are at the top of the management chain for Federal employees and contractors. In looking for the cause of this failure, some point to the lack of testing. Others, including the President, cite the challenges of the IT procurement process. And still others note the complexity of the program and the interfaces with private insurance company systems. However, the cause of this failure was not the complexity of the program, nor the procurement process, nor the testing. The functionality and shortcomings of Healthcare.gov are the result of bad management decisions made by policy officials within the Administration; they did this to themselves. And if they are now surprised, it is because their own policy officials failed to inform them of the decisions they had made and the consequences associated with those decisions.

Policy Decisions Needed

As soon as this legislation was passed, there were policy decisions which needed to be made. These policy decisions would drive the technical design of the Healthcare.gov IT system; they fundamentally determined the work flow and business processes driving how the law would be implemented.

I've been on both sides of policy implementation - as a career civil servant and as a political appointee. The problems with Healthcare.gov are symptomatic of a recurring problem: Passing a law or issuing a policy is not enough. If there is a new law, management reform, or policy initiative you want to accomplish, then you, as the policy official, need to be engaged during the implementation to assure there is an appropriate integrated project team in place to manage the day-to-day operations. All levels of the organization need to be willing to get "in-the-weeds," to understand these intricate aspects of management and implementation, because the devil is in the

details; someone can change a seemingly innocuous requirement in a meeting and cause a huge impact on schedule, cost, or functionality. IT projects are particularly good at highlighting management failings because they require coordination between many different parts of an organization. If the agency CIO is not actively at the management table, participating in those decisions and, more importantly, explaining the ramifications of the policy decisions they are making, then projects get off-track and ultimately fail.

For example, one policy decision that is causing problems with Healthcare.gov was whether the system had to verify the identity of an individual before allowing the user to browse the marketplace. That is a policy decision, not a technical decision. Technology can actually do whatever is required. The policy decision that drove the technical implementation created a bottleneck at the front end. I do not want to speculate on why this identity verification option was selected. But the generally accepted procedure and best practice for decisions on implementation requirements is to list each possible viable option along with the advantages and disadvantages of each.

Another policy decision was the requirement to directly interface with insurance provider systems and with other government systems at IRS and SSA. Again, these were not technology questions; the technology exists. And these were not statutory requirements; the law did not say, "the system shall interface to system X at the IRS." These implementation requirements were driven by policy decisions and arbitrary interpretations of the law. Such questions must be answered by policy officials because they require value judgments and cost-benefit trade-offs. For example, "Does the IRS have to verify the identity of people, or can a private insurance agency do that?" You're seeing this play out now with the issues of determining eligibility for subsidies and concerns about improper payments. Unlike the regulatory process, the functional specifications driven by these policy decisions are not necessarily subject to the public notice and comment rulemaking process. These are huge management and implementation issues that need to be reviewed from both a political and policy perspective.

A former CMS senior executive, when the management failures came to light, said in a recent interview that he did not see the launch of Healthcare.gov as a major part of his job. Rather, he said, "Those were staff level functions,"¹ while he focused on more important policy issues. However, these implementation management questions were driving massive requirements for system implementation, and that was going to impact the timeline of the system launch. For any political appointee, the IT system implementing a major Presidential policy initiative must be highest priority, and this must be communicated to their entire team.

Elevate Policy Questions

The Chief Information Officer (CIO) is the person in the C-Suite who should have the capacity to translate technology issues into business-speak for the other business leaders. When a technical implementation specification hinges on a policy decision, the technical team depends upon the CIO

1 Boston Globe, October 24, 2013

to elevate the question to the appropriate decision maker. Because the CIO can speak to senior executives in terms that are relevant to them, and can state potential consequences in terms of political and policy values (e.g. public opinion, unfavorable news stories), the CIO is in the unique position to ensure that policy officials do not regard these decisions as “staff level functions.” And if these potential consequences are significant, then Departmental and White House officials may need to be briefed by their CIOs.

For example, during my tenure as the OMB E-Gov Administrator, the FBI Virtual Case File (now known as Sentinel) program faltered. In my management oversight role, I began meeting weekly with the Department CIO, the Bureau CIO, the program management staff, and the contractors - all in the same room - so that I could understand the project and raise policy issues to White House senior officials as necessary. This “integrated project team” or “IPT” developed an agreed upon project plan to correct the deficiencies and move forward.

Focus Management Attention

In addition to elevating policy decisions to White House officials, the E-Government Act² directs the Administrator to help improve the management of IT in the agencies. During my tenure, I published a quarterly list of projects that warranted extra management attention. The Management Watch List included projects which were either not well planned or not being well managed and projects which exhibited unusual risks because of their size or complexity. By distilling volumes of data down to a simple list, agency senior executives, who might not have expertise in IT management tools (e.g. earned value management), would readily know the status of projects in their agency, and could call me if they had questions. And I was able to flag suspicious or obviously incorrect data for further investigation of those projects.

Pressure to Succeed

Recent news stories indicate that a CMS official signed the authorization for Healthcare.gov to “go live” without the system having undergone adequate testing. While this may have satisfied the statutory requirements of FISMA³, it certainly circumvents the intent of the law. Here again, the CIO is in a unique position to ensure that senior executives understand the decisions they’re being asked to make, and the implications of each option available to them.

Establish a Go/No-Go Milestone Date

Some have cited the tremendous pressure of public expectations as compelling administration officials into the decision to “go live.” But again, this was a situation of their own making. Any high profile project should establish a go/no-go milestone, and stick to it. A go/no-go milestone is simply a date by which the project must have completed a specific, measurable amount of progress in order for the entire project to be completed by the due date. Thus, you know that if you haven’t met the milestone by the date, you’re not going to make it. In this case, having a go/no-go date for Healthcare.gov, perhaps a year before the go-live date, would have allowed the President and

² E-Government Act of 2002, PL107-347

³ Federal Information Security Management Act of 2002, Title III of PL107-347

his advisors to manage public expectations, to develop a fallback plan and provide the remediation plan to address the known deficiencies.

For example, when we were initially implementing Homeland Security Presidential Directive-12, (HSPD-12), the President's directive requiring uniform employee identification cards at all agencies, we had publicized the planned completion date. But when we reached our go/no-go date, we had failed to complete the key milestone, so we knew we were not going to meet the announced completion date. Because of that, I was able to notify senior policy officials well in advance of the announced completion date. This allowed us to formulate a corrective action plan with each department and agency, and to develop a communications plan to temper the expectations of the public and the press; instead of crashing on the runway, we got on the PA system and told everyone we were going to circle around for another landing attempt.

The Role of the CIO

In the wake of the Healthcare.gov implementation failure, some analysts have asserted that the private sector could have done this better, thereby implying that there is some condition inherent in Federal IT which impedes success and impairs Federal CIOs. It is certainly true that Federal CIOs are burdened by the deliberate restraints placed upon them by the Congress and OMB. But Federal CIOs also enjoy freedom from competition and the whims of the market. Overall, Federal CIOs and Commercial CIOs are more similar than different. And we have the same job description: to be the technology-savvy member of the executive management team, to provide value through innovation, to manage data as a strategic asset, and to lead a large team of technologists and inspire them to achieve greatness. Whether a CIO is at a large organization or small, bureau level or department level, public sector or private; the scale may differ, but the management challenges are the same. Attachment A includes some key questions which every CIO should be asking but more importantly the CIO should be able to answer these questions for their leadership in clear business terms.

Thank you for this opportunity to testify today. I look forward to answering the Committee's questions.

Attachment A - IT Management Checklists

Vetting potential new investments - Does the project sponsor have a clear vision of what he/she is trying to accomplish and how the IT system will support the new product or service? CIOs should evaluate the sponsor's answers to these questions:

For this program/project:

- ✓ What will be different?
- ✓ What problem are you solving?
- ✓ When do you need to be complete?
- ✓ How will you measure success?
- ✓ What does it cost?
- ✓ Are you being realistic?

Six Keys to Success - These six attributes reflect lessons-learned from numerous IT projects in both government and private industry. While these elements do not guarantee success, the absence of any one of them almost certainly will guarantee failure.

- ✓ Strong Executive Leadership;
- ✓ Well-Defined Governance Models;
- ✓ Alignment with budget process;
- ✓ Clearly Defined Outcomes and Performance Measures;
- ✓ Accountability and Transparency; and
- ✓ Stakeholder Outreach.

Chairman ISSA. Thank you.
Mr. Spires?

STATEMENT OF RICHARD A. SPIRES

Mr. SPIRES. Chairman Issa, Ranking Member Cummings and members of the Committee, thank you for the opportunity to testify on issues with Healthcare.gov and more generally on IT management issues in the Federal Government.

With more than 30 years of experience working on delivery of large IT programs, I speak from real world experience regarding what is required to successfully deliver such programs. I served in the past two Administrations and saw similar IT management issues in both. So my remarks focus on highlighting systemic weaknesses in our ability to effectively manage IT, along with some recommended solutions.

My written testimony outlines five key elements required to effectively deliver an IT program. In regard to the rollout of Healthcare.gov, my information was obtained from previous Congressional hearings and media articles. It is clear that there were fundamental weaknesses in the program management processes. For a system as complex as Healthcare.gov, best practice would have led to a plan that included completion and testing of all sub-systems six months prior to public launch, three months of end to end functional integration testing, and a subsequent three month pilot phase in which selected groups of users identified problems not caught in testing.

It was reported that the program did not start and end functional testing until two weeks prior to launch and there was no formal pilot program prior to roll-out. This is evidence of a lack of mature program management processes. Second, there was a lack of program governance model that recognizes the proper roles and authorities of the important stakeholders, to include the business, IT, procurement, privacy, et cetera. For IT programs, the business organization or mission organization must be intimately involved in helping define requirements, making hard functionality trade-offs and being a champion for the program. The IT organization must ensure there is a capable program management office using management best practices to deliver large IT programs.

Evidence of launch of Healthcare.gov shows the balance between the business and IT organizations was not correct. For example, changes were being finalized up to a few weeks before launch. This is much too late. Requirements should have been locked down months before. The business organization had the ability to make changes that led to bad management practice.

The issues of the rollout of Healthcare.gov are emblematic of the IT management challenges in the Federal Government, yet improving our ability to effectively manage our IT is critical. Our government, if it more effectively manages IT, can harness its transformational capability, significantly improving government's effectiveness and efficiency. I recommend that three actions be taken to improve Federal Government IT.

First, it is important that Congress pass legislation to update how this government manages IT. I appreciate the leadership of Chairman Issa and Representative Connolly in co-sponsoring the

FITAR legislation. While legislation alone will not fix all the issue with IT management, it will elevate the standing of agency CIOs and put in place mechanisms for development of centers of excellence to leverage best practices and program management and acquisition across the Federal Government. These changes could have helped to address the critical failings of the program management of Helathcare.gov.

Second, agency CIOs need to have control over implementation, operations and the budget of all commodity in their agency, which includes the data centers, cloud services, servers, networks, standard collaboration tools like email as well as back office administrative systems.

A couple of years ago, I was fortunate to be in a session that included a number of CIOs for Fortune 50 companies. In the course of discussion, it became clear that one of the clear elements in effectively leveraging IT for an enterprise is a modernization standardization and appropriate consolidation of the underlying IT infrastructure.

I urge that Congress address this recommendation through the IT reform legislation and the Administration to address this recommendation through the portfolio stat process.

Third, the current Administration should make IT management a centerpiece of its overall management reform agenda. This entails the recognition and focus at the most senior levels of government of the importance of IT and improving IT management. It includes a serious commitment to improving program management practices, elevating the status of agency CIOs and ensuring the agency CIOs own the commodity IT.

I hope the troubled launch of Healthcare.gov can serve as a catalyst to drive positive change in the way we manage IT. The best practices exist and are proven. We need leadership in Congress to pass reform legislation and leadership in the Administration to recognize the importance of IT management.

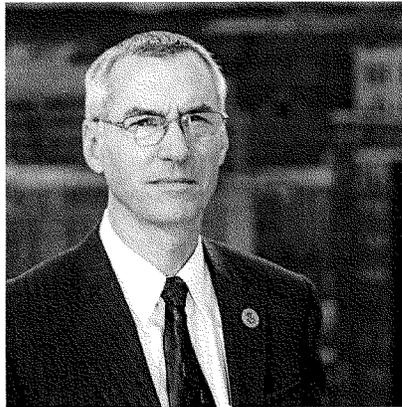
Thank you.

[Prepared statement of Mr. Spires follows:]



The HealthCare.gov rollout: What should we learn?

By Richard Spires
Nov 04, 2013



The troubled launch of HealthCare.gov pains me – as someone who has great passion for wanting to make government IT more effective, this public spectacle once again casts federal IT in a very negative light. As a federal IT community we appear unempowered, and worse, incompetent.

My observations here are based solely on public information I have gleaned through the media and listening to the various congressional hearings. I was never close to the planning or development of the HealthCare.gov website and supporting back-end systems. In full disclosure, however, I did participate in one HealthCare.gov planning session a couple of years ago when I was Department of Homeland Security CIO. The session was to ensure various agencies (including DHS) identified the individuals to work with the Centers for Medicare and Medicaid Services on the required data-sharing to support the enrollment process.

CIO Perspectives is a new FCW feature by former Department of Homeland Security CIO Richard Spires. The column originally intended as Spires' debut will appear mid-November both online and in print; this reaction to the HealthCare.gov rollout serves as a web-only preview.

A significant part of my 30-year career has been devoted to IT program management and oversight. For a system as complex as HealthCare.gov, best practice would have led to a plan that included:

- 1) Completion and testing of all subsystems six months prior to public launch.
- 2) Three months of end-to-end functional integration testing.
- 3) Concurrent performance testing that would have simulated loads up to 10 times greater than expected (especially since it was difficult to model expected peak loads).
- 4) A subsequent three-month pilot phase in which selected groups of users were using the system to work off problems not caught in testing.

While I do not know for certain, I would expect that CMS had original development plans that were close to best practice. Yet some of the contractors involved have admitted that there were only two weeks of end-to-end integration testing prior to launch. That means the American public is serving as the integration testers of this system – not a situation anyone would ever plan for or want.

So what happened? There is pattern recognition for those of us who have been involved in many large IT programs. First, it is difficult to accurately plan the level of effort and time to develop new systems that are composed of complex and interdependent subsystems. Hence, there should have been schedule management reserve built in up-front, at least three months and perhaps as much as six months.

Second, given that different contractors were responsible for different subsystems, there needed to be a strong and competent program management office (PMO) that oversaw the program and the integration of the subsystems into a coherent, functional system. The evidence suggests that the PMO was not nearly as effective as required.

Third, the launch date of Oct. 1 was deemed immovable. As development schedules slipped, as integration challenges mounted, there were clearly compromises made so as not to delay the launch. I suspect little functionality could be deferred (the site must enable the full enrollment process), so what was compromised is good practice. It is simply bad practice to launch a complex system with very little end-to-end testing. There is no excuse for this, and given the complexity of systems CMS operates, there are clearly individuals in CMS who knew this launch would not go well because of inadequate testing.

Finally, there is the biggest failure, and the one that dooms many IT projects: The correct roles and authorities were not assigned to the business and the IT organizations. (In this case the business organization would have included leaders from CMS, HHS and possibly the White House).

When I review an IT program, that role assignment and the authorities are one of the first things I look at to assess the health of that program. The evidence on the launch of HealthCare.gov shows clearly the balance was not correct. As reported by the media, a change in a requirement that disabled the ability for users to browse insurance policies without first enrolling was made just two weeks before launch. This was much too late -- requirements should have been locked down months before then. The business organization had the ability to make changes that led to bad program management practice.

In subsequent columns I plan to address a number of issues and recommendations regarding large IT program management. But for now, let's focus on how to address the proper partnership between the business and IT.

There must be a program governance model in place that recognizes the proper roles and authorities of the business organization and the IT organization for there to be success. The business organization must be intimately involved in helping define requirements, making hard functionality trade-offs, and being a champion for the program with stakeholders both inside and outside the agency. The IT organization must establish a solid PMO with appropriate use of best practices to deliver large IT programs. And there needs to be a regular forum in which the business organization and IT organization executives work together to help the PMO make the tough decisions in running a program.

A fundamental tenet, however, is that sound program management practice must *always* be followed. There are no shortcuts to delivering large, complex IT programs. Having been intimately involved in dozens of such programs, I can state with absolute certainty that executing with anything less than solid program management practice is very high risk and leads to failures. The administration would be well served to incorporate the proper governance model for all large, complex IT programs.

One last point: The team of government personnel and contractors correcting HealthCare.gov must be working tremendously long hours and are under tremendous pressure. I thank them for their efforts.

About the Author

Richard A. Spires has been in the IT field for more than 30 years, with eight years in federal government service. He served as the lead for the Business Systems Modernization program at the IRS, then served as CIO and finally as deputy commissioner for operations support. Most recently he served as the CIO for the Department of Homeland Security.



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Chairman ISSA. Thank you both.

First of all, I would ask unanimous consent that the article entitled *The Healthcare.gov Rollout: What Should We Learn?*, which Mr. Spires authored on November 4th, 2013, be placed into the record. Without objection, so ordered.

Chairman ISSA. I am going to start with you, Mr. Spires. You heard the first panel. From your experience, and I will go to Ms. Evans also, did I have the right people for the most part here, leaving GAO out for a moment, to ask who is responsible, why was this thing launched practically non-working, completely, only six successful registrations the first day? Did I have the right people?

Or did I have the wrong people and that is why they all said it wasn't their job?

Mr. SPIRES. You had the right technical people at the table. I believe in a balanced program where you have technology leaders as well as the business leaders working together.

Chairman ISSA. But somebody at that table should have been able to tell us basically who should have stopped this program or recognized that it was going to fail to launch?

Mr. SPIRES. Somebody at that table I think should have been able to tell you that.

Chairman ISSA. Ms. Evans, in your time at OMB, I think more than anything else, is it your experience that the Office of Management and Budget ultimately, the OMB director, who gets to meet with the President, who gets to say that key pieces of legislation, key implementations are or are not going correctly? Has that been your experience?

Ms. EVANS. And I will speak from my experience, and that is true. And so we viewed, during my tenure, that OMB had oversight into the Executive Branch of ensuring that the President's priorities got implemented.

Chairman ISSA. I am going to ask you from one personal experience. Have you been in the Oval, other than ceremonially, have you been the Oval for a meeting?

Ms. EVANS. Not exactly in the Oval Office, but they have staff offices outside.

Chairman ISSA. But you were in that area?

Ms. EVANS. Yes.

Chairman ISSA. So you were there, I assume, with the Director or somebody on some important briefing that was going on?

Ms. EVANS. Yes.

Chairman ISSA. And that is a regular part of White House life?

Ms. EVANS. If you are working on priorities that are important to the Administration, yes. And one would assume that if you are a staff person in the White House, all of us are working on priorities that are important to the President. Not going to meetings at that level are not necessarily a daily occurrence of the job.

Chairman ISSA. I realize that is a rare one. But we can all agree, I believe, I think the ranking member would join with me, that the signature piece of legislation of the President is the Affordable Care Act. Can you figure out for me or help me understand how people could serve the President so poorly that it appears he was never told that this was going to be a disastrous launch?

Ms. EVANS. In my analysis from the public record, as well as watching the testimony that happened prior, I believe that if I were in that position that I would have elevated things through, because that is the President's key legislation, it is his number one priority. And so that is what the Chief Information Officer is supposed to do. They are supposed to analyze, as I said in my testimony, analyze what potential decisions are being made and what is that impact on the President's priorities to get done, from a political perspective, from a communications perspective, from an oversight perspective of what the impact would be and how you would have to do a Congressional notification if you were changing things.

That is what a CIO is supposed to do. That would have been elevated up so that the OMB director would have known what the impact was happening, so that the director could then talk to the President about potential opportunities.

Chairman ISSA. Now, Mr. VanRoekel was your successor, is that correct?

Ms. EVANS. Yes.

Chairman ISSA. And yet he said that he was only the facilitator of these meetings. Did you do a lot of facilitation when you had his job?

Ms. EVANS. I would call it facilitation. I don't know that the agencies that I was supposed to provide leadership and oversight to would necessarily call it facilitation. I would like to think that that is the nice way that we did it.

Chairman ISSA. You invited people to bring in groups?

Ms. EVANS. Yes.

Chairman ISSA. You brought them to the White House or accompanying facilities?

Ms. EVANS. Yes.

Chairman ISSA. And at those meetings, you either were there personally or at least you introduced the meeting and monitored whether it was going the direction that you and your bosses wanted it to go?

Ms. EVANS. I can speak to my own management style, which is a very hands-on approach. Because I really personally view that if it is my boss's priority, number one priority to get something done, then it is my job to make sure that the leadership up the chain to him are fully informed of decisions that are being made.

So I am a little hands-on as a manager. I came up through the ranks, through operations. So I have a tendency to do that.

Chairman ISSA. But you are not a micromanager?

Ms. EVANS. I would like to think I am not. But if it is something that is that important, I personally, especially for things that are important to the Administration at the time during my tenure, I would personally make sure that I knew the status of what was going on on those projects.

Chairman ISSA. Mr. Spires, I am not leaving you out completely. But I will ask both of you, in 184 weeks from the passage of the Affordable Care Act, until the failure to launch, can you conceive that any one, leaving GAO out, on that first panel, should not have seen that there were problems and had taken at least an active role in addressing those problems?

Mr. SPIRES. Proper governance is critical on programs like this. Because there are a lot of stakeholders involved. And you need to have good information and you need to do it on a very regular basis to make sure that these programs are going well. Individuals at this panel, other than Mr. Powner, certainly I think should have been in that chain of receiving that information, reviewing that, being part of reviews as part of a good governance model. That clearly did not exist.

Chairman ISSA. And Ms. Evans, I will modify that as my close. Not only shouldn't they have, but can you give us a little bit of a feel for what life would have been like if President Bush, who you worked for, had gotten blindsided by a failure of one of his hallmark pieces of legislation, Medicare Part D, No Child Left Behind or something of a similar level?

Ms. EVANS. I was involved in Medicare Part D, just so that you know. And we could talk about that as well. If something like this happened during my tenure, I can only speak for what I would do. I would have offered my resignation before I got fired.

Chairman ISSA. With that, I recognize the ranking member. And you never got fired, I want to make that clear.

Ms. EVANS. No. I did not get fired. I did the job for six years. But in this particular case, if my President had to go on TV and say some of the things that this current President has had to do in an area of my responsibility, I would have offered my resignation.

Chairman ISSA. Thank you.

Mr. CUMMINGS. What was your responsibility with regard to Medicare Part D?

Ms. EVANS. When the rollout came out, there were some specific issues related to information technology. I would say it is the same type of thing that is happening right now. An analysis had to be done about, could you actually fix it through information technology, what were the issues. And it really was a timing issue with the legislation, which is the reason why I am making the point about when you pass a law, you have to know.

So the way that that legislation was crafted, if a user signed up for the benefit at 11:59 p.m. on the 30th of the month or the 31st of the month, then they were eligible at 12:01 a.m. the next month for that benefit. There is no IT system the way that these systems work that you could get all that information populated through the system so you had to really analyze what was the work process and how the IT worked.

So what we did was we provided options to the policy councils to say, if there really are additional funds available, what happened was they had, similar to what the navigators are now, people to help sign up, and if you signed up people before the 15th of the month, then those people actually got paid within 30 days, the ones that were helping sign people up. If you signed up after the 15th of the month, then the people that were helping do this actually would get paid 45 to 60 days later.

So the idea was, okay, if the technology solutions can only, there is a big badge process that happens the 15th of the month, you provide the incentives up front, get everybody into the system between the 1st and the 15th, get them signed up so that all their data

shows up in the IT systems by the next month so that they are eligible.

Mr. CUMMINGS. But let me ask you this, were there IT problems back then?

Ms. EVANS. There are always IT problems. But what you have to do is analyze it from a business perspective and provide alternatives to the policy leadership so that they can make informed policy decisions of how they are going to handle it.

Mr. CUMMINGS. Yes, because I specifically remember working with my constituents because they were having all kinds of problems.

Ms. EVANS. Absolutely.

Mr. CUMMINGS. Let me ask you both this. If you have a situation here where for example, in the governors, more than half the governors decide not, for example, to do their own marketplace, would that have affected you in any way or should that have affected this project? I am just curious. From an IT standpoint.

Mr. SPIRES. Well, sure it would, sir. From a volume standpoint, from the scope and scale of what you would need to create.

Mr. CUMMINGS. Would it make it a little harder?

Mr. SPIRES. Yes.

Mr. CUMMINGS. A little more complicated?

Mr. SPIRES. A little more complicated, yes, sir.

Mr. CUMMINGS. And so Mr. Spires, someone had suggested that one of the problems with the development of the Affordable Care website is that there was no single contractor overseeing the work of all the other contractors, that there was no lead system integrator. However, experience in the past Administrations with using contractors used to oversee other contractors has often resulted in failed programs and millions of wasted tax dollars, is that right?

Mr. SPIRES. That is correct, and I have a close history with this at the IRS, if you would like me to comment on the topic.

Mr. CUMMINGS. Yes.

Mr. SPIRES. When I came in in 2004 to run the business systems modernization program at the IRS, and it got moved to that outsourced kind of program management office where a contractor was serving as that systems integrator. And it was not working well. I am a huge believer that the government needs to stand up to build a strong program management office for these large scale, complex IT programs. You have to have solid, experienced government people in charge and running these programs.

It doesn't mean you can't have contractor support. But I have found if you don't do that, the dynamics don't work. There are so many stakeholders involved that are government people you have to work with who are not part of the program, and in order to make that work effectively, you need to have strong government people on the ground that are running this program day in and day out.

Mr. CUMMINGS. So I didn't see it in IT but I saw it when I was chairman of the Coast Guard Subcommittee, with Deepwater, where we were literally buying boats that didn't float.

Mr. SPIRES. Yes.

Mr. CUMMINGS. Literally. Some of them are sitting near my district right now.

And the contractor, the lead systems integrator, didn't have that intertwined situation that you just talked about where the government people were doing their piece. And it just doesn't work.

I see my time is expired. Thank you.

Chairman ISSA. I thank the gentleman.

Mr. DeSantis?

Mr. DESANTIS. Thank you, Mr. Chairman. Thanks to the witnesses.

Mr. Henry Chao, he told the committee when they interviewed him that he had not ever rolled out a program that had complete systems-wide end-to-end testing. I just wanted to get your take on that, to not have system-wide end-to-end testing. Is that a good practice?

Mr. SPIRES. That is poor practice at best. I may make another comment about this, if I could. I was, as far as what I know, right around the timing, the testing clearly was not adequate to put this system into production. My experience has always been, and I have had to live this, where we have made these hard calls. It is better to delay, and it is better to delay for two reasons. One, you only get that one chance to make that first impression with a system. We clearly didn't do it well here, did well, with the rollout of Healthcare.gov.

But two, and even more importantly than that, once you put the system in production, you have to operate it and maintain it, deal with all the customer issues and all that. That in and of itself is a very large amount of work that takes energy from the team, rather than the team really getting to the point of fixing the system to the point where it is running well, then putting it into production.

And I know for whatever reason this October 1st date was viewed as immovable. But I think that was a very big mistake made on the rollout of Healthcare.gov.

Mr. DESANTIS. I appreciate that. I was looking through some of the materials. In late September there was a memo that said that the ongoing development had posed a level of uncertainty that can be deemed as a high risk security threat. So when you see that, it seems to me that would be a big red light that this is not ready to go forward. Would you concur with that?

Ms. EVANS. Based on my experience, yes, sir, I would. That would be a risk that you would have to evaluate the October 1st deadline against, what kind of operating risk is there and can you mitigate that risk. It would have to be fully explained to the leadership involved, in this case the CMS director and probably farther up, about what could happen if we went forward with the implementation and we haven't fully tested all of these things.

Mr. DESANTIS. It is frustrating, because so much of this law, and we see it in the implementation, was based on representations to the American people that have now turned out not to be true, for example, if you like your plan you can keep it, if you like your doctor you can keep it, it will reduce the budget deficit, it will cover everybody. The most recent estimate is 10 years from now, you are still going to have 31 million people with no coverage. So this bill doesn't even do that.

As I was looking through some of the testimony, some of these regs that the people needed in order to start implementing it were delayed on purpose, on political decision to get through the 2012 election. So these folks were in a situation where they had to kind of create this website, but they actually weren't giving as much time as they could have had the Administration been forthright about some of these things. But there was a desire to move this beyond the 2012 election, so that the American people would not be able to fully evaluate the program.

So what I have seen here today is that there was a decision by the Administration, a knowing decision, to launch a website that did not work and indeed, was not adequately tested for security. I think this is problematic just generally, no matter what you are doing from a government IT perspective. But this website is unique, because individual Americans, and we have millions of people now who are seeing their insurance plans canceled because of this law, it is not like that website is just out there for them. They are forced to get, under penalty of law, health coverage through that website if they are one of the unfortunate folks who are seeing their plans canceled.

So we are in a situation where the government is going to tax them unless they procure insurance off this website that is not fully functioning and that has questions about its security. So it is very, very discouraging. I have a lot of constituents who are upset about this.

So I just appreciate you guys coming. I think this is, in terms of a case study on how not to do something, I think people will look back on this. But I think one of the things was, there were political imperatives here and the politics trumped what would work and what would be best for the American people. I think that is unfortunate. I yield back the balance of my time.

Chairman ISSA. I thank the gentleman.

I would like to ask just a couple more questions, seeing no one else here. Both of you served the previous Administration. Did they ever tell you what the cost of not launching one of your projects was? In the private sector, it is like, we are going to have X amount of revenue every month, and if we don't launch Windows XP, then we lose that much revenue? Did you ever have those discussions as part of your daily work?

Mr. SPIRES. We would, sir. The IRS had discussions about it.

Chairman ISSA. For example, the new audit thing.

Mr. SPIRES. Yes. There were business models that were built for systems that would show the kind of return. And of course, at the IRS, you could actually measure it many times in dollars. So yes, we did have those kinds of discussions.

Chairman ISSA. How about you, Ms. Evans?

Ms. EVANS. We would have those discussions across the board on each and every agency's performance. So when agencies turned in a business case to justify the investment, they also put in there the return or the cost benefit analysis. So if you delay the launch date, then it affects your ability to start getting some of the benefits. Because the benefits in the government, when you measure them, is a little bit different than the bottom line in private industry. So it

is benefits to the taxpayer for the services that could be delayed with a delayed launch.

Chairman ISSA. In this case, that doesn't happen to be true. This is like a private business, and I will show you here. I wish Mr. VanRoekel was still here. The estimate from CBO at the time of, well, they keep changing it, but in February of this year, the estimate was that penalties from uninsured individuals were going to total \$52 billion over a decade, half a billion dollars a year. Although that number keeps shrinking of what they think they are going to get, similarly the penalties from employers, \$150 billion over 10 years, more or less \$100 million a month.

So here is this website, and Mr. Cummings and I have heard the figure \$600 million enough times that it echoes in our sleep. But the delay of ObamaCare from a standpoint of revenue, when the President had to delay the employer mandate, he was losing \$100 million a month of revenue. If he had had to delay the no I am sorry, I got my figure wrong. I will have to be careful on that part. Forty-five billion over 10 years is \$4.5 billion a year. So it is about \$250 million, well, the back in February it was \$300 million a month would have been lost if he delayed the penalties on the uninsured individuals. But he had already delayed something that was three times larger.

So the reason I am asking this s, Ms. Evans, if you were back at OMB and somebody had told you in timely fashion, we are in trouble on this website, and we need to delay this thing because our projections two months or three months out, it is not going to be ready, and you were looking at having to go to the President and say, we would like you to delay something that will delay revenue by \$300 million a month, wouldn't you have had a normal business decision of, well, can't we spent \$300 million more if that is what it takes to get this thing done on time?

In a sense, again, I go back to what I said before Mr. Cummings was there, the President was so poorly served in that I assume, and Mr. Spires, your experience particularly would be helpful here, I assume that if six months earlier you said, in order to not lose \$300 million a month of revenue, calculated revenue, we need to put more money into this, we wouldn't be talking half a billion or a billion or \$2 billion. We would be talking incrementally a relatively small amount of money to do a project necessary to get this thing locked in and tested in a timely fashion, wouldn't we?

Mr. SPIRES. If I could comment. I would even say this, I am not sure this was about money. I am not sure we would have had to add more people to this.

Chairman ISSA. I don't think we would have. I just wanted to make the point that there was plenty of money at stake.

Mr. SPIRES. Well, there might have been. But I go back to the point of the program management disciplines. Now, to that end, once you get close, once you are six months in, it is very, very hard to then change. You are not going to pick up a lot of time.

But if this had been done correctly on the program management side, I suspect that the money was there. I don't think that was a constraint on this particular program.

Chairman ISSA. Ms. Evans?

Ms. EVANS. Given the scenario that you just outlined, the way that this would be presented during my tenure, the way we would present it is, these are tradeoffs, policy decisions that need to have tradeoffs. So you would analyze, this is the income that was going to come in, this is the method that we thought we were going to be able to do. But given where it is, here are the alternatives, and then here are the tradeoffs, so that you can either realize a portion of that or we can then recover it and then some if we go with this.

So alternatives would have vetted through the policy process so that people could have looked at that and then said, okay, well, we can't put so many people on it, there is a point of diminishing return. There is only so many dollars and so many people that you can throw at an IT project in order to fix it.

So then you would have alternatives in order to realize that income, so that you could move forward to reduce the deficit. That is part of the analysis that the Office of Management and Budget would lend to the policy process so that the decisions could be made by the appropriate policy officials.

Chairman ISSA. Let me just close with a question. If we went back three and a half years and upon the passage the regulations necessary to determine some of the specifics this offer would have to deal with had been done in a timely fashion, six months or so, then presented to industry and stakeholders and going through a process of, if you will, analyzing it from a standpoint of needs of those who would use it, then taking the outcome of that, producing a standard, a year, year and a half into this process, delivering that to the contractor and then monitoring the process of a fixed and final set of regulations relative to this new website and its work, is there any doubt in your mind that three and a half years was in any way, shape or form not enough time to start with the passage of the Affordable Care Act three and a half years ago and reach a well-tested, well-engineered, from a security, speed, scalability on the launch date of October 1st?

In other words, was there anything inherently wrong with picking October 1st that good practices over three and a half year wouldn't have taken care of?

Mr. SPIRES. I think with where they are at, it is a little hard to know how long it will take for this to really stabilize. But it will stabilize. So if you look at it from that perspective, sir, I am pretty sure that if this had been well-managed, and to your point, include the regulation process of that, that this site could have been delivered and appropriate on October 1st and could have been well running on that date.

Ms. EVANS. I would look at it, and I always look at things from my tenure at OMB.

Chairman ISSA. It was a long tenure.

Ms. EVANS. It was a long tenure. And also from an operational perspective coming up. But I would have looked at the law to understand what were we really required to do by what time period. And really scoped the project to a point where it was very clear and understood what was going to be delivered.

I think one of the major issues that you have here with the requirements that happen on every IT project is that they are scope creeped. So as people start working through it, they add on another

requirement and they add on another requirement. So the parameters have to be drawn on something that is this complex, so that everyone would have a clear understanding of what is really going to launch on October 1st, if that is the President's due date. And then stick to that and everything else becomes an add-on and a module. That is best business practice. And if it is critical, that you have to have it, then it has to be voted on through the good governance process through a business process.

That is the part that is still a little unclear in this overall process of what really was the scope, and what was expected to be delivered on October 1st.

Chairman ISSA. Thank you. That is what we are going to continue working on, regardless of the actual Affordable Care Act, the question of what went wrong and how do we prevent it in the future.

Mr. Cummings?

Mr. CUMMINGS. Thank you very much.

Ms. Evans, I was listening to you very carefully. You said that if you were in this situation where your boss had to go before the American people and do what President Obama did, and I am not trying to put words in your mouth, you said you probably would resign. Is that right?

Ms. EVANS. Yes.

Mr. CUMMINGS. There are two parts to this. One part is what happened in the past. The other part is where we go in the future. I think it is very important that we learn from the past. I believe that it can tell us a lot about mistakes we made, so that we don't fall into those ditches again.

This is where I want to go. I say to my staff, there are two things that I am most concerned about, effectiveness and efficiency. I tell them we have a limited amount of time on this earth, we have a limited amount of time to be in the positions that we are in, that it is our watch and we must do what we have to do for the American people in an effective and efficient way.

I guess my question is, suppose you are President Bush, say if he was in these circumstances. And he said, Evans, don't quit. Fix it. What would you do? And do you believe it could be fixed in a reasonable amount of time? If at all? So you didn't quit.

Ms. EVANS. I didn't quit.

Mr. CUMMINGS. We wouldn't let you quit.

Ms. EVANS. You wouldn't let me quit because I had to fix my mistake. So at this point I would be down in the daily operations, I would have done an assessment to see what exactly could be fixed and then again, back to the scoping issue of what the President actually said would be available and what is now required. Now, you have additional circumstances on here with the insurance companies canceling policies, and you have this gap now here people actually have to be able to sign up for services. So that would be analyzed, and I would say, okay, here is where we are with the IT project, we need to put other kinds of compensating controls in place in order to be able to deal with the American public's need to be able to sign up for insurance.

And that would be then elevated through the policy chain. So things like going directly to insurance providers, putting up, as

Chairman Issa said, the whole list of what plans are available so that people could at least see the information and not necessarily sign up, all those alternatives would be laid out. And they would be viewed from a communications perspective, from a policy perspective and from a political perspective to ensure that you could put the best service forward to meet that immediate need of that gap between the December 15th and the January 1st deadline. Because that is the big critical piece that you are trying to get to right now.

And how do you fix that and how do you meet that need for the American people.

Mr. CUMMINGS. Mr. Spires, did you have a response to my same question?

Mr. SPIRES. Well, let me add on.

Mr. CUMMINGS. Yes, do you have something to add onto what she said?

Mr. SPIRES. Let me just add that I applaud, and I want to thank the team that is working on this. We talked about Mr. Park and what he is doing, but my goodness, the whole team has to be working around the clock.

Mr. CUMMINGS. Are you familiar with the team, other than Mr. Park?

Mr. SPIRES. No.

Mr. CUMMINGS. Are you familiar with Mr. Park?

Mr. SPIRES. Yes.

Mr. CUMMINGS. And what is your opinion of him and his competence?

Mr. SPIRES. He is a very talented technologist, extremely talented.

Mr. CUMMINGS. They tell me he is one of the best in the world.

Mr. SPIRES. I think that is probably a fair assessment, sir.

Mr. CUMMINGS. All right.

Mr. SPIRES. Let me add a couple things, though, about the end of November. I would like it to work, too. This is all, for me, about helping government make IT more effective. But this end of November, there are two concerns I have. One is, it is just very difficult when you are in this, when you do integration testing, and that is essentially what we are still doing, even though the system is alive, for a while you tend to find defects actually increase as you do more testing. And even as you work things off and fix things, you even get more. So I am worried about that.

The other thing I am worried about, frankly, is when you do this integration testing, a lot of times you will uncover some significant architectural issues. You may not, but sometimes you do when you integrate these subsystems. You know where those architectural issues show themselves are in performance issues.

So I am concerned that we are seeing, when they open it up and it doesn't perform well from a scalability standpoint, and handling the volume, that is an indication of some potentially underlying technical issues from an architecture perspective. Those things may take longer to fix.

This is just my experience in working these kinds of problems in the past. So when they say they are going to have it fixed by No-

vember, for the vast majority of users, I hope that is the case. I just have concerns that that may not turn out to be the case.

Mr. CUMMINGS. I think that Mr. Park answered that question several times.

Mr. SPIRES. Yes.

Mr. CUMMINGS. And he talked about, and I think it is probably because of the things that you just talked about, he said that, I can almost repeat it, he said it so many times, that they have a goal and they are going to try to attain that goal.

Mr. SPIRES. Yes, absolutely.

Mr. CUMMINGS. But you said something a few minute ago, you said that, and I am going to put words in your mouth, you said something to the effect that eventually they will get it together.

Mr. SPIRES. Yes, they will.

Mr. CUMMINGS. And my last comment is this. I guess as the son of two former sharecroppers sitting in the Congress after one generation, and a father who only had a second grade education, my father believed in a can-do attitude. Can-do. That is what this Country is all about.

I guess when I hear all the naysayers, I am so glad to hear you say that you believe that it will be worked out. You don't know when, I understand that. But some kind of way, we have to move to that can-do. This is the United States of America. I think it would be an embarrassment if we can't get this done. Would you agree, as IT people?

Ms. EVANS. Absolutely. We are the Nation that innovates and creates technology. So it will get fixed. This is really a communications issue and an expectation of what are the services that are actually going to be there. We have the technology to fix it, and you have some of the smartest people, I am sure, working on it right now. Technology is not a partisan issue. What really needs to be debated overall is some of the other issues that you brought out in what you are talking about, is the policy issues. That is where the President should be debating with you, Congress, on policy issues. Technology should be implemented to support that.

Mr. SPIRES. I think it is also important to say that the way we manage our IT programs in government needs to improve. That is a non-partisan view. I saw it in the last Administration and I see it in this Administration.

Ms. EVANS. I agree.

Mr. SPIRES. We need to fix that.

Mr. CUMMINGS. Thank you both. Your testimony has been extremely helpful. Thank you.

Mr. MEADOWS. [Presiding] I thank the ranking member for his comments. I thank each of you for coming today to testify.

I do want to follow up a little bit with this additional testing. As we start to go in, and having been someone who was in the private sector, who has worked a number of times with systems, just when you think you have the problem fixed, you find ten more.

So with best practices, do you not think it is best practice to take down the site while we work through these technical glitches and, more importantly, through some of the security concerns which are a bigger problem for me than whether we can get on and log on,

it is once you have done that, would that not be the best practice, to take it down?

Mr. SPIRES. Yes. Let me caveat it by saying, this is a non-political statement I am making. Just from a best practices perspective, if I was running that program and no other considerations, I would immediately take the site down. I would have the team focus on working through the issues. I would do real stress testing on the system and then I would bring the site back up when it was ready. That is what I would do from a best practice perspective.

Mr. MEADOWS. Without all the politics of it.

Mr. SPIRES. Without any of that.

Mr. MEADOWS. But from a best practices standpoint?

Mr. SPIRES. Yes, because it could get the team focused on fixing the system and not operating the system right now.

Mr. MEADOWS. Ms. Evans, I want to go to some of your testimony. Let me quote here, because I want to understand what you said. You said, "The functionality and shortcomings of Healthcare.gov are a result of bad management decisions made by policy officials within the Administration." They did this "to themselves. And if they are now surprised, is it because their own policy officials failed to inform them of the decisions and the consequences associated with those decisions." We asked that in the earlier panel. And we really didn't get a response. But in light of your testimony, what did you mean by that?

Ms. EVANS. For example, a decision that was made to remove the browsing function. When you make that decision, and what came out in the previous panel was that was actually made by the project manager, based on a technical result of testing.

So by that type of decision and rolling that up, there is policy implications associated with that. So the policy officials said, okay, it is okay. So if you take a sequence of events that are programmed into a system that are supposed to go one, two, three, four, five, and you take out number two, and now you expect one, three, four and five to work really well and two is not there anymore? That was a policy decision to go forward with a site, with a major piece of functionality pulled out and not tested. That is why I made the statement about, and now you are surprised that it is not working.

Mr. MEADOWS. So they shouldn't be surprised?

Ms. EVANS. They should not be surprised. If the sequence is one, two, three, four, five, and you take two out, and you haven't tested the impact of when two is out, you should not be surprised it doesn't work.

Mr. MEADOWS. So let me ask you this, then. Who should have informed the White House or what policy official should have done that in this overall Healthcare.gov? Who is the go-to person? That is what we have been trying to figure out. Who is the go-to person that said, golly, we pulled it out, but it is not working.

Ms. EVANS. In the rest of my testimony, and this is not a partisan statement either, this is my belief of what the role of a chief information officer is supposed to do. In my view, what would happen is that would have come up from CMS. So it was made as a technical decision. And the chief information officer at a department level is supposed to analyze what that impact is on the portfolio overall, on behalf of the Secretary. What is that going to mean

from both a policy, political, communications, technology, all of that. And then elevate that issue.

So I really believe that the chief information officer is the one who is supposed to be the nexus, the tech-savvy person on that staff, to analyze those implications as it relates to business and policy.

Mr. MEADOWS. I know we have a lot of CIOs. Who specifically would that have been? What is the name?

Ms. EVANS. Well, in this particular case, if everything worked the way it is supposed to, it would have been the chief information officer at HHS.

Mr. MEADOWS. Which is who?

Mr. SPIRES. Mr. Baitman.

Ms. EVANS. Mr. Baitman. Which is in his portfolio.

Mr. SPIRES. Can I add, though, because I think that is absolutely right, what you said. But what I like to do in programs is pull those people together on a regular basis in some kind of governance forum so that you can have those dialogues, so the CIO can represent the technology issues and implications to policy changes. But it shouldn't just be the CIO's decision.

Ms. EVANS. No, and I am not saying it should be the CIO's decision.

Mr. SPIRES. It should be a shared decision.

Mr. MEADOWS. A shared decision, but he should be the one informing?

Mr. SPIRES. That is correct.

Ms. EVANS. That is right.

Mr. MEADOWS. So I will finish with this last question. I have Google in my district. I love Google. We have, in California, which I don't represent, we have unbelievable expertise. Because we are the greatest Nation, as the ranking member talked about, would we not be reaching out to those experts right now and saying, please come help us get it all done? Would that not be the appropriate thing to do?

Mr. SPIRES. I thought they had brought in a few of the technical experts as well.

Mr. MEADOWS. But really, if we are trying to get this done by November 30th, which I think a lot of us question whether it will really happen, and that should not necessarily be an indictment, would we not reach out to more experts in the private sector?

Mr. SPIRES. I think at this point that would not work for November 30th. The learning curve is so great, you would spend more time trying to get these experts up to speed on the specifics of the details of Healthcare.gov than you would get any benefit out of that at this point. That doesn't mean going forward you might not want to engage others as well.

Ms. EVANS. The one thing I would want to add, I think both Richard and I have been in situations with challenged rollouts in our career, where we have had challenged rollouts. To your point, the best value that Silicon Valley could do at this point is validate the solutions you are going to put in place.

So what I have done in the past on projects where I have had, and I have had failures in my career, as my technical team is telling me that this is what we are going to do or these are the

changes that we are going to make, we would validate those against and talk to Silicon Valley saying, from a technical perspective, so they are only analyzing the technical issues at that point, saying, if we roll this out and this is the current problem, and we make these configuration changes, is that going to solve the problem. That is probably the best application of those resources at that point, and as well with Healthcare.gov.

Mr. MEADOWS. I thank the chairman.

Chairman ISSA. [Presiding.] I thank you, and if this were health care and not IT, we would probably say, get a second medical opinion in this case.

Mr. Cummings?

Mr. CUMMINGS. Again, I want to thank you all. I think when we talk about best practices, you look at, I wish maybe in this instance that some of these best practices that we are talking about had been done. And I noticed that you all talked about IT, technical, and then you also talked a little bit about political. There is so much that goes into these decisions. But for me, I want to see this work, and I am sure you do too.

I do not, I just don't believe in failure. We are better than that. I hope that the folks who were part of the process will hear the things that you are talking about. Because I think our strength is in the expertise we all bring. All of us have our own experiences. And having served in the positions that you served, and served, you bring a lot to the table. Hopefully, folks will have their ears open and their minds open to make sure that this doesn't happen this way again. I know we can do better.

And I guess the bottom line is that there are so many people that are depending on us. There are a lot of people.

Mr. SPIRES. I am not calling this a failure, sir. It is troubled. But this is not a failure. We need to get it fixed, you are right.

If I could just also say, because I think it is important enough to say, I made this comment, but I think it is important, we need the CIOs to be strengthened in this government from the standpoint of their empowerment.

Mr. CUMMINGS. So you are familiar with Mr. Issa's bill?

Mr. SPIRES. Absolutely, and I very much support that.

Mr. CUMMINGS. Do you think that legislation gets to the issue you are trying to get to?

Mr. SPIRES. Yes. When you have the lineup of CIOs on your first panel and none of them were really engaged, that is just not correct. And it leads to failure of IT programs.

Ms. EVANS. My view is that the legislation should pass. I have had a lot of discussions with Chairman Issa's staff about this, and the role of the CIO. I obviously feel very passionate about it. I believe if that law is passed, it will remove all excuses for non-performance of CIOs and you would have a very different oversight meeting. Because everything that the CIOs have said in the past that they cannot do, that legislation would fix. Therefore, they would be held accountable for their job.

Mr. CUMMINGS. By the way, that is something we did on a bipartisan basis.

Ms. EVANS. That is right.

Mr. CUMMINGS. Thank you very much. I really appreciate both of you.

Chairman ISSA. Thank you.

I have just one closing question. I know that you are not software writers per se. But I talked to Mr. Farenthold, who actually put up websites. And I just ask a question. You saw on the last panel where I essentially admonished all of them to look at the FEHBP or what was just for 230 plans, what was just a few pages that would tell you how much each plan was and how much the government would pay and how much each person would pay.

Now, one of the reasons that that was only a few pages is that that spreadsheet was for a program that did not age discriminate. The Affordable Care Act discriminates based on three things: the plan itself, if it is regional, has a region in which it operates. If it is national, it has a single price, like FEHBP.

It rate discriminates based on age and whether you smoke or not. I have gone back and forth, those are the only variables. So for a given location, which is where you choose your plan, let's just say the Alabama something or other, you only have to know your age and whether you smoke or not. And I do a little quick math, and again, unlike the gentleman from Harvard, Mr. Park or Mr. Massey from MIT, I went to Kent State and a little Catholic school up in Michigan. So I did arithmetic, not calculus.

But between 65 and 27, when you leave your parents' plan, and the time you are eligible for Medicare, there are 38 years. So as far as I can tell, there are 38 different ages you could be based on the costs of a given plan. And then the question of do you smoke or not.

So I saw essentially a spreadsheet or a data base to retrieve from of 76 possible answers if you want to go to a plan and ask how much it costs.

Now, for both of you, if I wanted a website that had an engine in the back end that looked at, for a given plan, and asked the question of, how old are you and do you smoke or not, and then I went out and got the number from that cell, how hard do you think that would be? Because you understand on September 12th, or September 3rd, they made a decision to not launch that part. September 12th, they reiterated. They scrubbed moving the software, they moved their people to other problems.

I just want to understand, how many people and how long do you think it would take for 76 different numbers that you put in on a little program, here is my age and I smoke or I don't smoke, and I want to know how much this plan is? And I am being a little facetious, and Mr. Spires, you are both smiling well. But that really is the website that we are asking for a splash-type open shopping.

Mr. SPIRES. Obviously, with the requirements you stated, that is a pretty simple website. I suspect that what Mr. Chao was referring to had a lot more functionality and capabilities, and you can call it bells and whistles, and that may be inappropriate, than that.

Chairman ISSA. But didn't the American people deserve to be able to surf prices as simple as a data base? It is almost the back end of a pocket calculator to come up with that.

Ms. EVANS. Absolutely. But again, when you get into some of the big projects, and that is what I mean about scope creep, and really

understanding what did have to launch on October 1st, based on that policy decision. So if it is as simple as what you described, the government already has a website set up called Benefits.gov that those simple questions, and this might be an alternative that they could use right now while they are working on the longer plan, those simple questions could be put in there. You can fill out this information now, this was started as one of the 24 initiatives. And you would not only find out what you are eligible for under Healthcare.gov, but you could also find out what other Federal benefits you are eligible for based on the way that you would answer these questions that only live in the session.

So that whole site was set up for Federal benefits, so that you could see everything that you are eligible for as a citizen. So that simple requirement could have launched and can still launch in Benefits.gov.

Chairman ISSA. I am of an age that I knew the names of all the Mercury astronauts. I didn't know much about government contracting as a young man, but I have been told that the space pen was designed to be able to write in zero gravity, so they could make their notes in this inverted zero gravity. But the Russians used a pencil.

[Laughter.]

Chairman ISSA. The pencil cost what it took to sharpen it, while the space pen cost millions of dollars to design and produce.

Now, that may be a euphemism for a lot of what we deal with. But today we heard somebody tell us that they decided to scrub because there were security concerns over what ultimately was a glorified splash page. If you were back, both of you were back in your positions and you wanted to please your boss by giving him as much deliverable as you could, and 30 days out you discovered that something had to give, would you have grabbed a pencil out of the drawer instead of telling people they would have to wait months or years to get the space pen?

Mr. SPIRES. I certainly would have tried that, sir. I would have even said, seems to me, and I will echo what Ms. Evans said, that there should have been a lot of work up front to simplify as much as possible what needed to be launched on October 1st.

Chairman ISSA. I want to thank you. Mr. Lacy Clay alluded to the Harris project that was done during a previous Administration where the Census Bureau, not really the Administration, had 10 years to launch something and they kept changing it, so that the corporation could legitimately say that it wasn't ready, but they could show all these change orders in what was basically a handheld scanner, not a terribly high-faluting piece of technology. So I do understand the mission creep.

We were just told that apparently in the month of October, we signed up approximately 27,000 people into ObamaCare. With that, would either one of you like to venture whether or not the estimate we were given that they are now signing up roughly 27,000, on the Federal exchange, but we were told they are signing up about 27,000 an hour. So apparently they are signing up about the same amount per hour that they signed up in the first month.

Would any of you venture a guess to what that number will be? Will it be at least ten times 27,000 an hour or 270,000 a day at the end of the month? Or are you going to bet on the low side?

Ms. EVANS. I am not a betting person. So I will put that on the record. There is not enough information for me to bet.

Chairman ISSA. But with 17,000 an hour being told to us under oath here today, does anyone want to look at 170,000 or 200,000 or 300,000 a day and bet higher or lower here?

Ms. EVANS. Lower. It is going to be lower, because he said 17,000 registrations. So that is not 17,000 completions. This is again, you are talking about how they are measuring certain things and how you want the outcomes. So you are looking at the outcomes and they are measuring things at the beginning of the process. So if you are talking about all the way through the process, it is going to be on the lower side.

Chairman ISSA. I suspect you are exactly right. When I was in private life, they always wanted to sell me impressions, how many impressions a piece of advertising got. And I always wanted to buy how many sales. So I suspect that we have 17,000 impressions an hour, while in fact the amount of sales could be not much more than that less than 30,000. So I am betting that when we get our answer at the end of November, that it is 100,000 or less in the Federal exchange. I certainly hope for more, because we need it to be, I think, 43,000 a day if we are going to cover everyone.

Would either of you like to make any closing statements?

Ms. EVANS. I just want to say I appreciate your inviting me back, the committee inviting me back to share my viewpoints. I would echo some of the comments that Richard has made today, that it is important to get that legislation through to enhance the roles of the CIO, so that we can ensure that other things like IT procurement and those things happen, so that we can avoid this for this type project, for all of the whole, entire portfolio.

Mr. SPIRES. I am not sure I could say it any better than you just said it, Karen. So I have no other remarks. Thank you.

Chairman ISSA. Thank you both. We always say, I will associate myself with the gentlelady. So I thank you both again for your public service in the past and your continued service today. We stand adjourned.

[Whereupon, at 3:40 p.m., the committee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

DARRELL E. ISSA, CALIFORNIA
CHAIRMAN

JOHN L. MICA, FLORIDA
MICHAEL E. TURNER, OHIO
JOHN J. DUNN, JR., TENNESSEE
PATRICK J. MURPHY, NORTH CAROLINA
JIM JORDAN, OHIO
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JUSTIN AMASH, MICHIGAN
PAUL A. COSGRAVE, ARIZONA
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THOMAS HASSELL, KENTUCKY
DOUG COLLINS, GEORGIA
MARK MEADOWS, NORTH CAROLINA
KERRY J. BENTZ, MICHIGAN
RON DESANTIS, FLORIDA

LAWRENCE J. BRADY
STAFF DIRECTOR

The Honorable Darrell E. Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to inquire about the protocols the Committee plans to utilize to properly secure highly sensitive documents produced by MITRE Corporation, the independent contractor hired by the Centers for Medicare and Medicaid Services (CMS) to perform security control assessments for the Healthcare.gov website. In light of the potential for ill-meaning individuals to use this information to damage the website or compromise the security of confidential consumer information, I propose that we meet to develop common guidance for our Committee Members on the proper safeguarding of these documents.

On November 5, 2013, MITRE sent a letter to the Committee explaining that it "performed security testing on specific components of the site." Accompanying this letter, MITRE provided to the Committee copies of "six password protected files of the security tests (Security Control Assessments) we performed for CMS."¹

MITRE explained in its November 5 letter that the information in these documents is highly sensitive. MITRE wrote that these documents, some of which date back to early testing of the system in 2012, include "code and other technical information that could be used to hack the system." Although many security issues discussed in these documents have been addressed, the company "redacted portions that could jeopardize the security and privacy of information on the site if inadvertently disclosed."

Even with these redactions, MITRE warned that the Committee should not release publicly the information contained in these documents. In a sentence underlined by the company, its letter stated:

¹ Letter from Kathleen Golden, Government Relations Manager, The MITRE Corporation, to Chairman Darrell E. Issa, House Committee on Oversight and Government Reform (Nov. 5, 2013).

ONE HUNDRED THIRTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-3074
FACSIMILE (202) 225-3074
MINORITY (202) 225-5251
<http://oversight.house.gov>

November 6, 2013

ELIJAH E. CUMMINGS, MARYLAND
RANKING MINORITY MEMBER

CAROLYN B. MALONEY, NEW YORK
ELIANGR HOLMES HORTON,
DISTRICT OF COLUMBIA
JOHN F. TIERNEY, MASSACHUSETTS
WM. LACY CLAY, MISSOURI
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MARK FOCAN, WISCONSIN
L. TAMMAY GUCKWORTH, ILLINOIS
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MICHELLE LUJAN GRISHAM, NEW MEXICO

Even with the redactions, the information provided should still be considered sensitive and may pose a security risk to the confidentiality of consumer information accessible through HealthCare.gov if disclosed.

The documents themselves also indicate the highly sensitive nature of the information they contain. In addition to being password protected, the documents are marked with the header: "CMS Sensitive Information—Requires Special Handling."

I am sure that no Member of our Committee wants to be accused of making public highly sensitive security information—either intentionally or unintentionally—that could give hackers a roadmap for destroying the Healthcare.gov website. I am equally certain that no Committee Member wants to be accused of taking any action that compromises the confidential information of American consumers.

For these reasons, I would like to confirm the protocols the Committee intends to use to properly secure these documents and the information they contain. Before our hearing next week on this subject, I propose that you and I meet to discuss how we can instruct our Committee Members on safeguarding the information in these documents. I also believe this process should include careful consultation with both MITRE and CMS to avoid any possibility of misunderstanding.

To be clear, I strongly support the Committee's right to relevant information necessary to perform its oversight functions, and I am not suggesting that either MITRE or CMS should have a veto over the Committee's actions. Instead, I am proposing that we work in a careful and deliberate manner to understand fully the risks involved with our potential actions and that we act in a concerted and bipartisan manner to obtain the information we need while protecting American consumers.

Thank you for your consideration of this request, and I would appreciate the opportunity to discuss this matter with you directly prior to taking any actions with respect to these documents.

Sincerely,


Elijah E. Cummings
Ranking Member

and the --

A Right. Mary Wallace is in the Office of Communications. And I think, in a weekly meeting with her and with the CGI folks, it was determined that it wasn't, you know, kind of, working, so why leave it in? So I checked with Mary Wallace because, remember I said that we have business people that drive decisions?

Q Uh-huh.

A And in OC, where Mary works, she's in charge of the group that does the user experience, right? So if we're going to remove something, she has to give the okay, right? So she said it isn't needed. And my take was why put it in, because it's broken. And then the rest of it is actually, kind of, just the other folks clarifying.

Q So being removed -- the anonymous-shopper function was being removed from, what, the next build or from the --

A Uh-huh.

Q Okay.

A Yeah. Disabled.

Q Disabled. Did you tell CGI not to move forward with the anonymous-shopper function because you wanted to hide the true costs of health plans to the public?

A No, I did not.

Q And so the reason that you had said earlier was because it kept failing in testing --

A Right.

Q -- it wasn't working. Is that correct?

A Yeah. Through consultation with Mark Oh and Monique and Mary and the CGI folks, we believed that, you know, why deploy something that doesn't work.

BY MS. SACHSMAN GROOMS:

Q So would you say that the anonymous-shopper function was ready to go when you decided to turn it off?

A No, it wasn't ready.

Q And Mary Wallace is from the Office of Communications. Can you explain -- and I understand the Office of Communications isn't your purview, but can you explain what the Office of Communications does? Because I think some people think that it's just, like, a press shop.

A It has the press shop, but also OC has a Web site management group that runs Medicare.gov, CMS.gov, HealthCare.gov, GetInsuredNow.gov. All of the CMS.gov Web sites are run out of Office of Communications and their Website Management Group.

And the biggie is that Mary's group also oversees the 1-800-MEDICARE call centers and the marketplace call centers. So, yeah, that's a huge workforce that supports that, you know, Medicare program and now marketplace.

So a lot of people are confused like you said; they think they're a press shop. But they actually have a very big operations shop, too.

[Chao Exhibit No. 8
was marked for identification.]

Ms. Sachsman Grooms. This one has a Bates number that's on it.

BY MS. LEE:

Obama adviser: Demand overwhelmed HealthCare.gov

Tim Mullaney, USA TODAY 7:50 a.m. EDT October 6, 2013

The Obama administration's top technology expert explains why the government's health care website isn't working and what's being done to fix it.

A computer screen shows the healthcare.gov website, where people can enroll for health care exchanges under President Obama's health care law.(Photo: Lynne Sladky, AP)

Story Highlights

- Enrollment functions of site will be unavailable during off-peak hours this weekend
- The website will remain open for general information
- Federal and state health insurance websites experienced problems this week

The government website launched this week to sell health insurance was overwhelmed by up to five times as many users as it was designed to handle, President Obama's top technology adviser said Saturday in an exclusive interview with USA TODAY.

U.S. Chief Technology Officer Todd Park said the government expected HealthCare.gov to draw 50,000 to 60,000 simultaneous users, but instead it has drawn as many as 250,000 at a time since it launched Oct. 1.

Park's comments are the administration's most detailed explanation for the glitches that have frustrated millions of consumers who have tried to enter the site or complete applications for health insurance under the Affordable Care Act.

"These bugs were functions of volume," Park said. "Take away the volume and it works."

The administration built the site's capacity based partly on the all-time high of 30,000 simultaneous users for Medicare.gov, an existing site where senior citizens can buy or renew prescription-drug plans under Medicare Part D, Park said. Its theoretical maximum capacity hasn't been disclosed.

More than 8.1 million consumers visited the site from Tuesday through Friday, according to the White House. The administration hopes that as many as 7 million consumers eventually will sign up for health insurance through the government marketplace.

HealthCare.gov's enrollment functions are shut down at off-peak hours this weekend so technicians can make repairs to the site.

"We're obviously not satisfied with the performance," Park said. "We're working 24-7."

The site will be running better by early next week, he said, though he declined to make specific guarantees. The administration isn't yet prepared to say how many simultaneous users the upgraded site will be able to handle, he added.

The administration's explanation didn't impress a Bush administration official who helped launch Part D in 2006.

"Whoever thought it would draw 60,000 people wasn't reading the administration's press releases," said David Brailer, former national coordinator of health care information technology. "The Medicare Part D site was supposed to have 20,000 simultaneous users and was (built for) 150,000, and that was back when computing was done on an abacus. It isn't that hard."

The volume since Tuesday overwhelmed a specific component of software on the HealthCare.gov site that lets people create accounts, enabling them to shop for insurance plans available in their state, Park said.

The part of the site that explains generally how the new law will work, and gives broad information about the kinds of plans available, has worked throughout the troubled launch, he said.

The Affordable Care Act called for the Department of Health and Human Services to build an online exchange, or Internet store, to let uninsured consumers compare and buy plans offered by private insurance companies. The government will subsidize coverage for many working-class and middle-class families, while poorer citizens may be covered by the law's expansion of the existing Medicaid program for low-income families.

The exchange misfired almost immediately upon its launch.

This photo provided by HHS shows the main landing web page for HealthCare.gov. (Photo: AP)

Engineers quickly deployed software that referred visitors to an online waiting room, hoping that controlling the number of people trying to create accounts would ease pressure on the software, Park said. But serious performance issues have plagued the site all week, he said.

Park disputed a Reuters report that quoted non-government technology experts who theorized that the site's architecture inadvertently made it mimic a common method by which hackers attack websites to shut them down, forcing the software to misfire.

"That is not the driver of the bottleneck," he said.

The site is managed by the Center for Medicare and Medicaid Services, Park said. It is hosted at a secure, privately owned cloud computing facility in Virginia. Outside experts this week had questioned whether the site was being run on cloud-based technology, whose flexibility usually lets website owners adjust quickly to spikes in traffic.

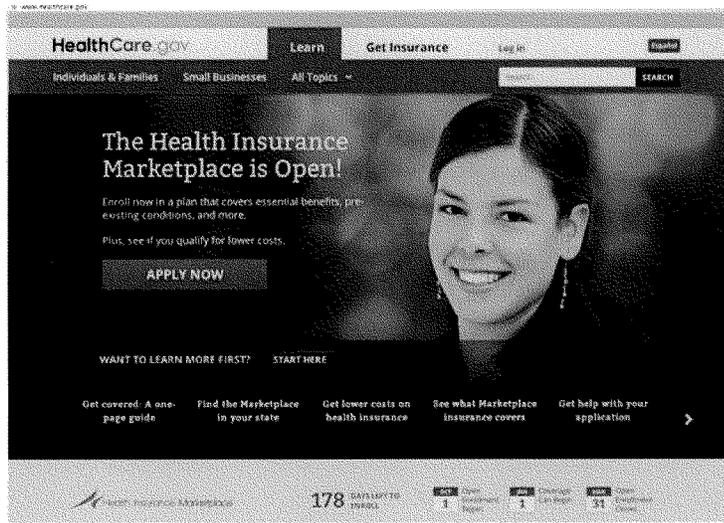
But the problem proved to be more complex than just adding more computer servers to manage the extra demand, he said.

A team working on the site is taking two other steps to fix the problem, Park said.

It is upgrading software that lets people create accounts to apply for insurance. One symptom of this has been malfunctioning pull-down menus that have worked only intermittently all week. And HealthCare.gov is moving one part of the site that processes applications from so-called virtual machine technology, which uses software to let a website securely share computer servers with other sites, to using servers dedicated exclusively to that process, he said.

That change will add extra computing power, complementing the software upgrade to make the registration process work more smoothly, he said.

The explanation is "a little geekalicious," he said.



DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop N3-15-25
Baltimore, Maryland 21244-1850



OFFICE OF INFORMATION SERVICES

DATE: SEP 3 2013
TO: Director,
Consortium for Medicare Health Plans Operations (OA/CMHPO) and Acting
Deputy Center Director for Operations, Center for Consumer Information and
Insurance Oversight (CCIO)
FROM: Chief Information Officer and
Director, Office of Information Services (OIS)
SUBJECT: Authorization Decision for the Federal Facilitated Marketplaces (FFM) System
ACTION REQUIRED 30 DAYS FROM THE DATE OF THIS MEMORANDUM

The Federal Facilitated Marketplaces (FFM) System is a *Moderate* level system located at the Terremark Datacenter in Culpeper, Virginia. The system maintains records used to support all Health Insurance Exchange Programs established by the Centers for Medicare & Medicaid Services (CMS) under the health care reform provisions of the Affordable Care Act (Public Law 11-148). FFM will help qualified individuals and small business employers shop for, select, and pay for high-quality, affordable health coverage. Exchanges will have the capability to determine eligibility for coverage through the Exchange, for tax credits and cost-sharing reductions, and for Medicaid, Basic Health Plan (BHP) and Children's Health Insurance Program (CHIP) coverage. As part of the eligibility and enrollment process, financial, demographic, and (potentially) health information will flow through the Exchange.

On August 8, 2013, you certified the controls for the system and submitted along with your certification the other required documentation necessary to obtain an Authorization to Operate (ATO) for FFM.

I have determined through a thorough review of the authorization package that the risk to CMS information and information systems resulting from the operation of the FFM information system is acceptable predicated on the completion of the actions described in the attachment. Accordingly, **I am issuing an Authorization to Operate (ATO)** for the FFM information system to operate in its current environment and configuration until **August 31, 2014**. The current configuration includes only the Federal Facilitated Marketplaces Qualified Health Plans (QHP) and Dental modules. This system is not authorized to establish any new connections or interfaces with non-CMS FISMA or other non-CMS connections without prior approval during the period of this ATO. An impact analysis must be conducted for any system changes implemented after the issuance of this ATO. Any major modifications that affect the security posture of the system will require an appropriately scoped security controls assessment and issuance of a new ATO.

The security authorization of the information system will remain in effect until the indicated expiration date if the following conditions are maintained:

- (i) Required periodic security status reports for the system are submitted to this office in accordance with current CMS policy;
- (ii) New vulnerabilities reported during the continuous monitoring process do not result in additional agency-level risk that is deemed unacceptable; and
- (iii) The system has not exceeded the maximum allowable time between security authorizations in accordance with Federal or CMS policy.

The attachment provides information on requirements not met, as well as corrective actions needed to bring them into compliance. The actions set forth in the attachment must be entered into the approved CMS Plan of Action and Milestones (POA&M) tracking tool no later than 30 days from the date of this memorandum, and the action items addressed no later than the designated completion dates. This office will monitor all POA&M items submitted during the period of authorization.

If you have questions, please contact Teresa Fryer, Chief Information Security Officer (CISO), at 410-786-2614. The DISPC team is also available to support staff level questions at CISO@cms.hhs.gov.



Tony Trenkle

Attachment

cc:
Mark Oh, Director OIS/CIISG/DHIM
Darrin Lyles, ISSO, OIS/CIISG/DSMDS
Teresa Fryer, CISO, Director OIS/EISG
Michael Mellor, Dep. CISO, Dep. Director OIS/EISG
Desmond Young, OIS/EISG/DISPC
Jessica Hoffman, OIS/EISG/DISPC
James Mensah, OIS/EISG/DISPC

CMS SENSITIVE INFORMATION – REQUIRES SPECIAL HANDLING

Attachment

Federally Facilitated Marketplaces (FFM) System

Authorization Decision

Authorization decision is required for the following reason(s):

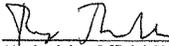
<input checked="" type="checkbox"/>	New System
<input type="checkbox"/>	Major system modification
<input type="checkbox"/>	Serious security violation
<input type="checkbox"/>	Changes in the threat environment
<input type="checkbox"/>	Expired authorization to operate

I. Authorization Decision

I have reviewed the information concerning the request for an Authorization to Operate and with consideration of the recommendations provided by my staff; I concur with the assessment of the security risk. This risk has been weighed against the business operational requirements and security measures that have or will be implemented. I have determined the following authorization decision is appropriate.

X	<p>Authorization to Operate The current risk is deemed acceptable. The applicable system is authorized to operate until the designated date, subject to the authorization actions in Section II.</p> <p>This authorization will expire: August 31, 2014. This authorization may be withdrawn at the discretion of the Authorizing Official for lack of progress on the authorization actions in Section II, or any security violations deemed to increase the risk to CMS beyond a tolerable level.</p>
----------	--

	<p>Denial of Authorization to Operate The current risk is deemed unacceptable. The applicable system <u>may not operate</u> until the authorization actions listed in Section II are completed, after which, verification of corrective actions and resubmission of the authorization package is required.</p>
--	--


 (Authorizing Official Signature and Date)
Tony Trenkle
 CMS Chief Information Officer

CMS SENSITIVE INFORMATION – REQUIRES SPECIAL HANDLING

Attachment

Federally Facilitated Marketplaces (FFM) System

II. Authorization Actions

Failure to meet the assigned due dates without prior approval invalidates this authorization to operate. The following specific actions are to be completed by the date(s) indicated:

Finding	Finding Description	Recommended Corrective Action	Risk	Due Date
FFM has an open high finding: Macros enabled on uploaded files allow code to execute automatically.	An excel file with a macro which executes when the spreadsheet is opened was uploaded for review by another user. The macro only opened up a command prompt window on the local user's machine; however, the threat and risk potential is limitless. Keeping macros enabled relies on the local machine of the user who downloads to detect and stop malicious activity.	<p>Implement a method for scanning uploaded documents for malicious macros.</p> <p>Ensure that the existing or equivalent compensating controls remain in place:</p> <ul style="list-style-type: none"> • The file upload function is only available for a limited period each year. • The file upload function is not available to all users, only plan users. • Files types able to be uploaded are whitelisted. 	<p>The presence of high risk findings in a system represents an increased risk to the CMS enterprise. Lifecycle management of the system requires initial testing for FISMA authorization and continuous monitoring. Non-compliance with the <i>CMS Information Security (IS) Acceptable Risk Safeguards (ARS)</i>, <i>CMS Minimum Security Requirements (CMSR)</i> without continuous monitoring presents an unacceptable risk. (CA-2).</p>	May 31, 2014

CMS SENSITIVE INFORMATION – REQUIRES SPECIAL HANDLING

CMS SENSITIVE INFORMATION – REQUIRES SPECIAL HANDLING

Attachment

Federally Facilitated Marketplaces (FFM) System

Finding	Finding Description	Recommended Corrective Action	Risk	Due Date
FFM has an open high finding: No evidence of functional testing processes and procedures being adequate to identify functional problems resulting in non-functional code being deployed.	Software is being deployed into implementation and production that contains functional errors. Untested software may produce functional errors that cause unintentional Denial of Service and information errors.	Retest FFM each quarter and submit a new CMS Security Certification Form for an Authority to Operate (ATO) request each quarter. Following is the CMS Security Certification Form for an ATO request schedule for re-evaluation: January 2014 April 2014 July 2014 October 2014 January 2015. The most recent Security Control Assessment (SCA) should be final and have a Plan of Action and Milestones approved.	The presence of high risk findings in a system represents an increased risk to the CMS enterprise. Lifecycle management of the system requires initial testing for FISMA authorization and continuous monitoring. Non-compliance with the CMS Information Security (IS) Acceptable Risk Safeguards (ARS), CMS Minimum Security Requirements (CMSR) without continuous monitoring presents an unacceptable risk. (CA-2).	February 26, 2015

CMS SENSITIVE INFORMATION – REQUIRES SPECIAL HANDLING

CMS SENSITIVE INFORMATION – REQUIRES SPECIAL HANDLING

Attachment

Federally Facilitated Marketplaces (FFM) System

Finding	Finding Description	Recommended Corrective Action	Risk	Due Date
Many FFM controls are described in CFACTS as "Not Satisfied".	Many FFM controls documented in the security controls section of CFACTS have an effectiveness of "Not Satisfied". Security controls are not documented as being fully implemented.	Update the security controls in CFACTS. Use the Risk Management Handbook Volume II Procedures 4.2 and 5.6.	There is the possibility that the FFM security controls are ineffective. Ineffective controls do not appropriately protect the confidentiality, integrity and availability of data and present a risk to the CMS enterprise. (PL-2).	February 7, 2014
FFM appears to have selected an inappropriate E-Authentication level.	FFM information contains financial and privacy data. According to RMH Volume II Procedure 2.3 and RMH Volume III Standard 3.1; Privacy and financial data should be protected by E-Authentication Level 3 controls.	Review the E-Authentication level of FFM for both users and system administrators. If Level 3 is the appropriate E-Authentication level, implement the appropriate controls and complete the e-Authentication workbook. Ensure system administrators are cleared for positions of trust.	The E-Authentication level of a system determines the security controls and means when connecting to a system over or from an untrusted network. Use of inappropriate controls exposes the enterprise to additional risk. (RA-2).	February 7, 2014
Control inheritance is incorrectly documented in CFACTS.	FFM indicates many of its controls are "under the control of the Terremark"; however, these controls are not described as inherited from the Terremark data center within CFACTS.	Review the FIPS 199 inheritance selections in CFACTS and either select the appropriate inheritance or indicate the controls are solely the responsibility of FFM.	Unclear control responsibility can lead to controls not being appropriately implemented and a lack of accountability. (AU-1).	February 7, 2014

CMS SENSITIVE INFORMATION – REQUIRES SPECIAL HANDLING

CMS SENSITIVE INFORMATION – REQUIRES SPECIAL HANDLING

Attachment

Federally Facilitated Marketplaces (FFM) System

Finding	Finding Description	Recommended Corrective Action	Risk	Due Date
Inconsistent Points of Contact (POCs).	The system developer/maintainer on the CMS Security Certification Form is a different person from the one currently listed in CFACTS.	Identify and update the appropriate system POCs for all of the documents and provide the updated POCs in CFACTS.	Unclear role responsibility can affect the life cycle support of the system. (SA-3).	February 7, 2014
END OF ACTIONS				

CMS SENSITIVE INFORMATION – REQUIRES SPECIAL HANDLING

Page 5 of 5

**HOUSE REPUBLICAN
PLAYBOOK**



Because of Obamacare...
I LOST MY INSURANCE

Messaging Tools

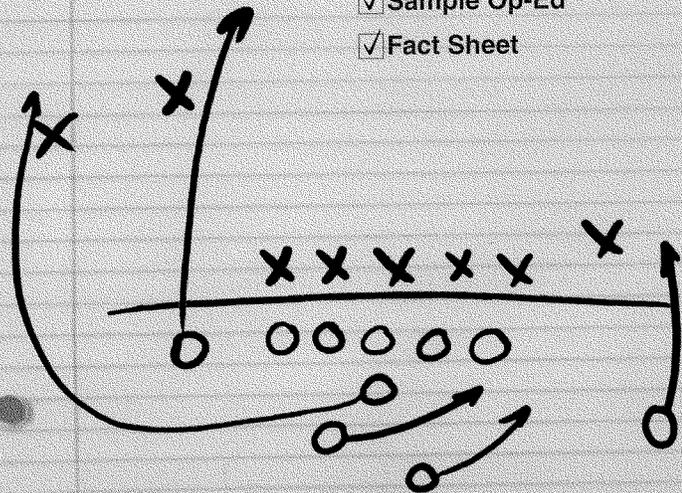
#YourStory

If you have questions, please feel free to contact the Conference Communications Shop at conferencepress@mail.house.gov or by calling (202) 226-9000.

In this Playbook, you'll find messaging tools to help you communicate in your district about the disastrous Obamacare rollout.

For your one-stop shop on Obamacare, visit www.gop.gov/healthcare.

- YourStory
- Talking Points
- Social Media
- Videos
- Digital Flyers
- Sample Op-Ed
- Fact Sheet



YourStory

Obamacare is much more than a bad website; it's a bad law. Americans all across the country are already feeling the law's negative effects, such as rising premiums, limited access, and cancelled policies. This is happening to hardworking Americans in every corner of America — including your own district. When you're home, highlight the House Republican Conference's "YourStory" project and encourage your constituents to submit feedback of their own experiences with Obamacare.

The screenshot shows the GOP.gov website. At the top, it says "GOP.gov" and "Chair Cathy McMorris Rodgers". There are navigation links for "LEGISLATION", "NEWS", "BLOG", "GOP PLAN FOR JOBS", "MEDIA", and "CONTACT". The main heading is "YOURSTORY". Below this is a video player with the title "The President's Healthcare Promise and Reality". The video player shows a play button and a progress bar. Below the video player is a "Tell Us Your Story" section. It contains the following text: "Healthcare.gov continues to malfunction and crash, creating real problems for the American people all across the country. We are eager to hear the story of your experience with the website and encourage you to tell us. Please see below to submit your story and it will be shared with the proper committee to investigate appropriately. *All fields are required." Below this text are input fields for "First Name", "Last Name", "Address", and "City".

Talking Points

Courtesy of the House Ways & Means Committee

Obamacare is increasing costs and forcing employers to reduce hours, eliminate jobs or cut wages. Families and individuals are losing the health insurance they have and like. No wonder a majority of Americans still disapprove of the law.

- **Premiums are increasing:** The administration has abandoned President Obama's promise to reduce premiums by \$2,500, and now acknowledges premiums will increase as a result of Obamacare.
- **Millions of Americans will lose the plan they have and like:** Despite President Obama's promise that you can keep the plan you have and like, we now know at least 7 million Americans will lose their employer-provided insurance as a result of Obamacare.
- **Obamacare is hurting job creation:** While Minority Leader Pelosi promised that Obamacare would be a "jobs" bill, 70 percent of small businesses now cite Obamacare as a major obstacle to job creation.
- **Billions of dollars in tax hikes:** The size of the individual mandate tax has risen dramatically from the original estimate of \$17 billion to \$55 billion.
- **Fewer people will get covered:** Despite repeated claims that as many as 30 million plus people would gain insurance through Obamacare, recently the Administration said they hoped that up to 7 million people would enter the health care exchanges.
- **Millions more uninsured:** The number of Americans left uninsured by Obamacare has risen by 8 million from the original estimate.

Courtesy of the House Energy & Commerce Committee

Keep Your Health Plan Act

Chairman Upton and all GOP E&C members have introduced the *Keep Your Health Plan Act* to allow health care plans available today on the individual market to continue to be offered so Americans have the option to keep what they have if they like it. The bill also ensures that Americans maintaining their health care plan would not face a penalty under Obamacare.

- NBC News reports that "**the Obama administration has know that for at least three years,**" the **President's promise would not hold true for millions of Americans.**
- CBS News adds, "more than two million Americans have been told they cannot renew their current insurance plans...and this is just the tip of the iceberg."

Broken Promises

The President sold his health care law on two major promises: 1) If you like what you have, you can keep it. Period. And 2) Health care costs will go down for all Americans, and "save a typical family an average of \$2,500..." **Each of these promises has now been broken.**

Accountability

Administration officials and the companies involved with building Healthcare.gov looked the committee in the eye and repeatedly insisted that everything was “on track.” Last week the contractors who built the site explained that they warned the Administration of problems and that the final, **end-to-end testing was the Administration’s responsibility.**

On October 30th, Secretary of Health and Human Services Kathleen Sebelius testified that the website was not operating at its full functionality and confirmed the rollout was a debacle.



Transparency

What else is the Administration not disclosing? What further problems lay ahead for Healthcare.gov? The Administration boasts its record on transparency, but is refusing to provide enrollment figures. E&C Committee members first wrote to Secretary Sebelius on October 8 requesting these figures.



Fairness

How can the Administration force the American people to buy a product from a system that does not work? The Administration has given businesses a break for one year – what defensible reason do they have to not provide the same fairness to individual Americans? **The bipartisan chorus for a delay is growing.**

Competence

The Administration now has a serious competence problem. Healthcare.gov is so much more than a website. **The website should have been the easy part.**

Social Media

It's important to execute effective messaging across all media, and social media is a crucial component. You should use Facebook, Twitter, YouTube and Instagram to update your constituents daily with posts linking to press releases, photos, video, and graphics that drive our messaging. Below are examples of recent tweets and Facebook posts from House Republicans that communicate our position.

 **Rep. Tim Griffin** 
@RepTimGriffin

How has #Obamacare impacted you or your family? Tell me here: griffin.house.gov/how-has-obamac... #ar2 #arpx #arkansas #littlerock

 **Ann Wagner** · 17,194 like this
October 28 at 4:20pm near Washington · 🇺🇸

For months, President Obama promised the American people, "If you like your health insurance, you can keep it." Today, the White House finally admitted, "It's True" some Americans won't be able to keep their health care plan under Obamacare. #MoreBrokenPromises

http://www.weeklystandard.com/blogs/wh-its-true-some-americans-wont-be-able-keep-their-health-care-plan-under-obamacare_764860.html

 **RepKevinBrady** 
@RepKevinBrady

Obamacare Costs One Indiana School District \$6 Million, so they opt to cut school workers' hours instead. bit.ly/1apU7S5

 **WH's True** Some Americans Won't Be Able to Keep Their Health Care Plan Under Obamacare www.weeklystandard.com
White House spokesman Jay Carney explained at today's briefing that "it's true" some Americans will

 **Rep. Peter Roskam** · 5,808 like this
October 27 at 1:57pm · 🇺🇸

MUST WATCH: This video shows actual excerpts from an online chat between a person trying to sign up for health insurance on Healthcare.gov and a customer service representative for the website. This actually happened. The American people deserve better.

 **Rep. Martha Roby** 
@RepMarthaRoby

Flashback: "Let me be clear: If you like your health care plan, you can keep that too." - Obama in 2009 nypost.com/2013/10/29/oba

 **Online Chat Help with Healthcare.gov** www.youtube.com
Excerpts from a real online chat between a potential customer and a customer service representative for Healthcare.gov. For the full

 **Sean Duffy** 
@RepSeanDuffy

Another story about #Obamacare's impact on Americans. How is it impacting you? #ShareYourStory tinyurl.com/lqw5sv

 **Rep. Luke Messer** · 9,065 like this
Yesterday at 1:37pm near Washington · 🇺🇸

What's been your experience with healthcare.gov? Share your experience here:

 **ARE YOU BAMA STORY** www.gop.gov
The Website for the Republican Majority in the House of Representatives, GOP.gov provides the latest

Obama admin. knew millions could not keep their health insurance

President Obama repeatedly assured Americans that after the Affordable Care Act became law, people who liked their health insurance would be able to keep it. But millions of Americans are getting or...



 **Dave Camp** · 3,685 like this
2 hours ago · 🇺🇸

Increased health care costs or losing the coverage you have and like? What has been your ObamaCare experience? Take my survey and share your thoughts. <http://1.usa.gov/17njXDb>

repdianeblack
3 days ago

Spent the morning visiting with some of the residents and caregivers of Gallatin Health Care & Rehabilitation. I am grateful for this group's work to provide quality, long-term care to seniors in our community. #TN06



Patrick Meehan @RepMeehan

Sobering stat: more Americans have lost their insurance in just 3 states than have enrolled in #Obamacare in all 50
forbes.com/sites/theapoth...

F Forbes

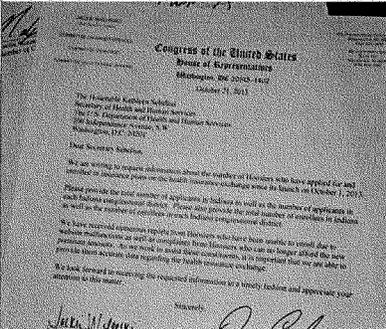
More Americans In 3 States Have Had Their Insurance Canceled Under...

The sad reality of the fumbled roll-out of ObamaCare appeared in two sets of news stories that serve as an ironic juxtaposition this week. Well over 500,000 individuals have seen their insurance...



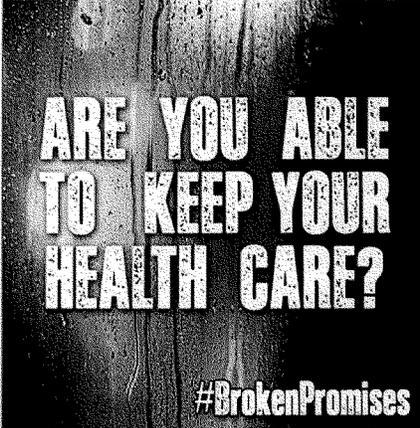
jackiewalorski
1 week ago

Requesting Indiana enrollment numbers from #HHS for health insurance exchange, not applications filed. #ObamacareAnswers

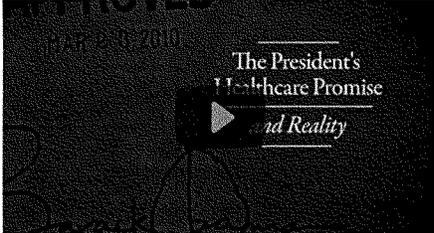


repfinchertn08
3 days ago

All across Tennessee and the rest of the country, stories are pouring in about insurance companies canceling coverage in the wake of Obamacare. Have you been able to keep your coverage? Have your rates gone up? #brokenpromises #obamacare #aca #healthcare #fail



Videos



The President's Healthcare Promise and Reality

A Promise He Could Not Keep
President Obama repeatedly promised Americans that, "If you like your current health care plan, you can keep it." Now, millions of Americans are discovering that is a promise the President could not keep.

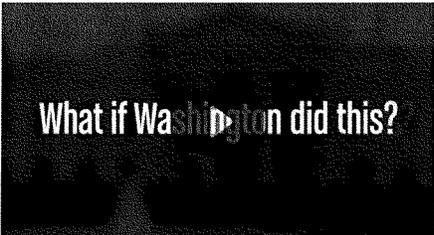


Online Chat Help with Healthcare.gov
Excerpts from a real online chat between a potential customer and a customer service representative for Healthcare.gov.

Welcome. How can I help you?

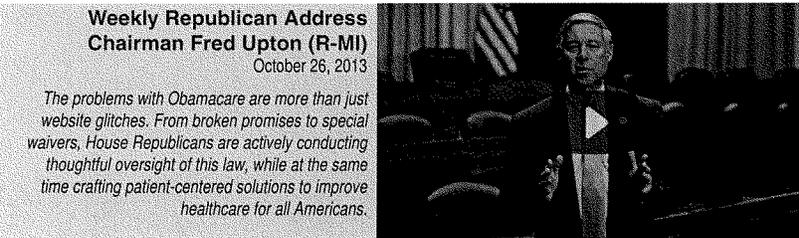
In the application process I am at step 7 of family & household. The 'Save & Continue' does not allow me to move forward.

Don't lose your sanity over this website. Try it. If it doesn't work, walk away. Try it tomorrow.



What if Washington did this?

Dismantle The Chaos
The reality of Obamacare is setting in and the American people have taken notice that Washington Democrats passed a health care bill that is driving up costs and cutting jobs.



Weekly Republican Address Chairman Fred Upton (R-MI)
October 26, 2013

The problems with Obamacare are more than just website glitches. From broken promises to special waivers, House Republicans are actively conducting thoughtful oversight of this law, while at the same time crafting patient-centered solutions to improve healthcare for all Americans.

Digital Flyers

Use these digital flyers in your social media posts to point to all the problems with the President's Affordable Care Act.

THE ORIGINS of OBAMACARE...

"I can't tell you how little thought was given to that thought other than it sounded good. So they just kind of hatched it on their own. It just happened. It wasn't like a deep strategic conversation."

Advisor to Candidate Obama, Politics. Barack Obama's health-care conversion

CLEARLY

*Higher insurance premiums
Fewer hours
Fewer jobs*

#SenateMustAct

#OBAMACARE BROKEN PROMISES
Plans Cancelled, Premiums Rising

"Recently cancelled under my current plan will no longer be offered under ACA."

- John Knudsen, Anchorage, AK

"Our current premiums of approx \$450 per month, for which we had no adequate coverage for our family, will go up to \$770 per month."

- Andrew Kodad, Omaha, NE

"Received a letter from my health insurance provider terminating my coverage on Jan 15 2014."

- Paul Knappert, Wenatchee, WA

"My Anthem Blue Cross policy was cancelled due to the ACA. My new ACA compliant plan premium increased by \$653 per month. The \$ 1400 a month more than my previous plan."

- Steve Almost, Lake Forest, CA

GOP.gov/yourstory

OBAMACARE

A BAD PRODUCT THAT'S NOT AFFORDABLE

"There are proposals for young people to increase by an average of 20% American Medical Association - 10-2-13"

IT'S NOT ACCESSIBLE

"Obamacare's web site is nearly dead" Washington Post - 10-4-13

AND YOU WILL BE FINED IF YOU DON'T BUY IT

"Thousands of punishment if you don't sign up for Obamacare" - to find the year of \$700 - ABC News - 10-1-13

#FairnessForAll

OBAMACARE IS HITTING HOME

Since the Obamacare exchanges opened on October 1st, Americans all across the country are feeling the real effects of the Affordable Care Act.

<p>George Pitts New Mexico Used to pay \$139.83 per month, now the cheapest option costs \$451.</p>	<p>Cindy Vinson California Will have to pay \$1,800 more a year for her individual plan.</p>
<p>Adam Weidius Rhode This single father's premium of \$235 will double, while his deductible will triple to \$12,700.</p>	<p>Robert Hare New Mexico Used to pay \$67 per month, now he will be forced into the exchanges and his premium will cost \$451.</p>

#FairnessForAll

For every 3 Americans working, 2 are not even looking for work



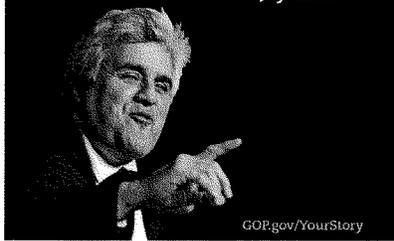
The Labor Force Participation Rate remains at its lowest level in 35 years

Over 4 million Americans have been unemployed for 27 weeks

4,000,000

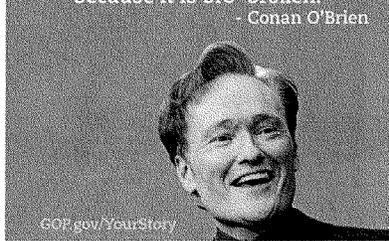
GOP.gov/JOBS

"Only the federal government could come up with a website that's slower than sending something by mail."
- Jay Leno



GOP.gov/YourStory

"Colorado's Obamacare website is trying to sell Obamacare to college kids by calling it bro'surance. Unfortunately the website wasn't working today because it is bro' broken."
- Conan O'Brien



GOP.gov/YourStory

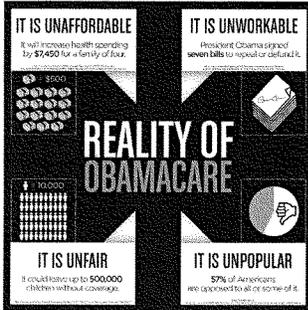
IT IS UNAFFORDABLE
It will increase health spending by \$7,450 for a family of four.

IT IS UNWORKABLE
President Obama signed seven bills to repeal or defund it.

IT IS UNFAIR
It could leave up to 500,000 children without coverage.

IT IS UNPOPULAR
57% of Americans are opposed to all or some of it.

REALITY OF OBAMACARE



DOUBLE DOWN.

OBAMACARE WILL INCREASE AVERAGE INDIVIDUAL MARKET INSURANCE PREMIUMS BY:
99% FOR MEN,
62% FOR WOMEN.

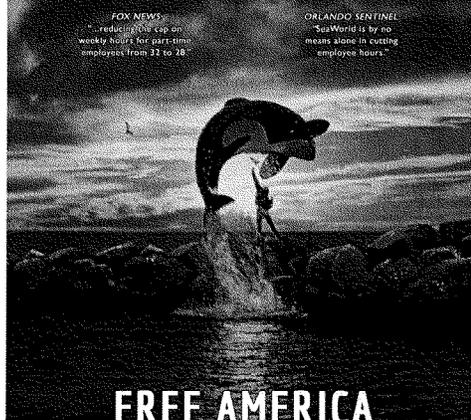


#DONTDOUBLEMYRATE
(HEALTH CARE EDITION)

THE HILL: SEAWORLD CAPS WORKERS' HOURS, AVOIDING OBAMACARE MANDATE

FOX NEWS
...reducing the cap on weekly hours for part-time employees from 31 to 28.

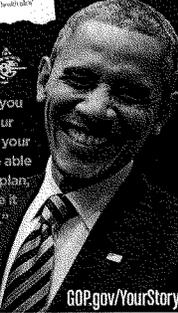
ORLANDO SENTINEL
"SeaWorld is by no means alone in cutting employee hours."



FREE AMERICA
FROM OBAMACARE

- GOP.GOV -

The Washington Post
Obama's plan to take away your health care
 — Fox News



"If you like your doctor, you will be able to keep your doctor, period. If you like your health care plan, you'll be able to keep your health care plan, period. No one will take it away, no matter what."
 — President Obama

GOP.gov/YourStory

OBAMACARE
is **HITTING HOME**

Since the Obamacare exchanges opened on October 1st, Americans all across the country are feeling the real effects of the Affordable Care Act.



Cindy Vinson
 California
 Will have to pay \$1,800 more a year for her individual plan.

#FairnessForAll

OBAMACARE
is **HITTING HOME**

Since the Obamacare exchanges opened on October 1st, Americans all across the country are feeling the real effects of the Affordable Care Act.



Tom Waschura
 California
 Will have to pay nearly \$10,000 more per year for insurance for his family of four.

#FairnessForAll

OBAMACARE
is **HITTING HOME**

Since the Obamacare exchanges opened on October 1st, Americans all across the country are feeling the real effects of the Affordable Care Act.



George Pitts
 New Mexico
 Used to pay \$139.63 per month; now his cheapest option costs \$431.

#FairnessForAll

OBAMACARE
is **HITTING HOME**

Since the Obamacare exchanges opened on October 1st, Americans all across the country are feeling the real effects of the Affordable Care Act.



Adam Weldzius
 Illinois
 This single father's premium of \$233 will double, while his deductible will triple to \$12,700.

#FairnessForAll

OBAMACARE
is **HITTING HOME**

Since the Obamacare exchanges opened on October 1st, Americans all across the country are feeling the real effects of the Affordable Care Act.



Robert Hare
 New Mexico
 Used to pay \$87 per month; now he will be forced into the exchanges and his premium will cost \$431.

#FairnessForAll

Sample Op-Ed

Based on an op-ed by Rep. Cory Gardner (CO-4), published in The Gazette September 13, 2013

"If you like your health care plan you will be able to keep your health care plan. Period." That was one of the many promises made in 2009 by President Barack Obama to sell the Affordable Care Act, commonly known as Obamacare, to a skeptical nation.

Today, as the federal government works to roll out implementation of the health care law, we see that the president's promises of 2009 could not be further from the realities of 2013.

Last month, my wife, Jaime, and I received notice that our health care plan would be discontinued Dec. 31. To comply with the myriad new regulations, requirements and mandates of the president's health care law, my family must find a new health care plan.

When I was elected to Congress, I chose not to enroll in the Federal Employee Health Benefits program that is available to Members of Congress and their staffs. Instead, I purchased insurance from the private market because I wanted to be enrolled in the same health insurance network that all Coloradans have access to. It's the same type of plan that many of my friends and neighbors in Yuma and across Colorado have.

When I heard my family's plan was going to be discontinued, I felt blindsided. And I am not alone.

Millions of people are seeing changes to their health care coverage as insurers scramble to come into compliance with the health care law's thousands of pages of regulations. And these regulations aren't just forcing changes to health care coverage; they're driving premiums up at an alarming rate.

Recent analysis has shown that average premiums in Colorado for the individual market will increase between 23 and 25 percent. Moreover, premiums are expected to increase by 17 percent in the small group market. After my current plan is discontinued, the closest comparable plan through our current provider will cost over 100 percent more, going from roughly \$650 a month to \$1,480 per month.

The president, congressional Democrats led by then-House Speaker Nancy Pelosi and their celebrity allies went out on television, radio and the Internet to insist that the law would lower premiums for average Americans. But for families across Colorado and the United States opening letters from their insurers or employers this week, the shiny veneer of the new law has given way to the ugly realities of higher premiums, reduced work hours and forced changes to coverage.

Choosing a health care plan is a difficult and time-consuming process.

Families like my own try to find coverage that works for them, taking into consideration access to family doctors, affordability and other factors that best fit their family. Those who have been happy with their current health care plans are now being forced to find new plans and must navigate the maze of new regulations in doing so.

As a parent of two children, I want to have the peace of mind that when my children get sick, I am able to take them to our local doctor and make sure they get the treatment they need. The letter I received about my plan being dropped creates a genuine uncertainty about how my health care is going to be administered. Like millions of other Americans, my wife and I are now working to understand what our health care coverage will look like in 2014 and beyond.

The letter I received last month has only served to renew my resolve to repeal this law. We need to ensure that

people have better access to care with lower costs. The president's health care law expands coverage, but families, small businesses, and young people are already seeing the skyrocketing costs.

I know my family's situation is not unique. Unfortunately, this is happening to too many families and individuals all over the country, and it is for them and for all Americans that House Republicans remain committed to fighting this law. But we need your help.

Have you or someone you know lost your health care coverage as a result of the President's health care law? Share your story with House Republicans at our new website, GOP.gov/YourStory. Stories like yours and mine are more reasons for House Republicans to continue focusing on patient-centered reforms, not government-centered health care.

The president has made a promise that he couldn't keep. Share your Obamacare story and help us hold the administration accountable.

Fact Sheets

Fast Facts

- No one, not even the Administration, knows the full extent of the technical problems.
- The Administration spent \$267 million for the underlying system and a total of \$500 million on the online effort, including back-end systems. To put into perspective, Facebook operated for six years before surpassing the \$500 million mark; Twitter brought in \$360.17 million before getting a boost in 2011. And finally, Instagram generated \$57.5 million before Facebook acquired it.
- To date, HHS has awarded approximately \$3.8 billion to establish, plan, and innovate exchanges.
- Both GAO and Office of Inspector General issued reports prior to October 1, 2013 highlighting vulnerabilities, particularly for the data hub.
- The Administration knows it needs seven million individuals to enroll in 2014 to be financially sustainable.
- 6200 people completed applications on October 1, 2013.
- During the first week, about 51,000 people completed an online application.
- According to a Washington Post-ABC News poll, fifty-six percent of Americans believe that the website's flaws "reflect larger problems with the health care law."

Courtesy of House Ways & Means Committee

Republicans are still committed to full repeal. To date, Republicans have secured numerous repeals and cuts to the law:

Although the Democrat-led Senate still refuses to take up legislation to fully repeal Obamacare, House Republicans have not stopped looking for ways to defund it, resulting in nearly \$55 billion being taken out of Obamacare as efforts continue into the 113th Congress and beyond:

Obamacare Repeal/Cut Provisions That Are Now Law	Savings
Reducing wasteful and fraudulent overpayments of taxpayer-funded subsidies (P.L. 112-9)	\$24.9 billion
Striking the Democrats' overly-generous eligibility criteria for taxpayer-subsidized health coverage to more closely align eligibility with other federally-means tested programs (P.L. 112-56)	\$13 billion
Slashing funding for Harkin "Prevention" Fund (P.L. 112-96)	\$5 billion
Rebase Medicaid Disproportionate Share Hospital allotments (P.L. 112-96)	\$4 billion
Eliminating funding for the "Louisiana Purchase" (P.L. 112-96)	\$2.5 billion
Cuts to Obamacare Co-Ops (P.L. 112-10)	\$2.2 billion
Obamacare's so-called "Free-Choice" vouchers (P.L. 112-10)	\$400 million
Rescinds funding for the Democrats' rationing board in FY 2012 (P.L. 112-74)	\$10 million
Repeal of unsustainable CLASS program (P.L. 112-240)	N/A
Further rescissions in funding for the "Louisiana Purchase" (P.L. 112-141)	\$670 million
Eliminate remaining funding for Co-Ops (P.L. 112-240)	\$2.3 billion
TOTAL	\$54.97 billion

In addition to the provisions above, President Obama also signed into law the repeal of the onerous 1099 IRS reporting provision in his health care law. This will save American businesses countless hours and dollars in compliance costs, freeing up money to hire new workers or retain existing ones during tough economic times. The President also signed the Budget Control Act (P.L. 112-25) into law, which will force the White House Office of Management and Budget to adopt billions of dollars in across-the-board cuts to Obamacare.

The House has also voted to cut or repeal a number of Obamacare provisions that the Senate refuses to consider, including:

- Reducing wasteful and fraudulent overpayments of taxpayer-funded subsidies even further (H.R. 3630)
- Additional cuts to the Harkin Fund (H.R. 1217 and H.R. 3630)
- Repealing the Democrats' rationing board (H.R. 5)
- Eliminating a new entitlement program that Obama Administration officials agree is unsustainable (H.R. 1173)
- Ensuring that the long standing Hyde amendment is applied consistently, prohibiting the use of taxpayer money in the expanded Medicaid program and the new health insurance exchanges (H.R. 3 and H.R. 358)
- Allowing physician-owned hospitals to grow and expand to meet the needs of patients in their area (H.R. 3630)
- Repealing funding for health insurance exchanges (H.R. 1213)
- Repealing funding for SBHC construction (H.R. 1214)
- Converting funding for graduate medical education in qualified teaching health centers to an authorization of appropriations (H.R. 1216)
- Delaying the arduous individual and employer mandates from Obamacare (H.R. 2667 & 2668)

Obamacare Timeline

Date	Provision
Higher Costs and Taxes - 2013	
January 1, 2013	Limitation on flexible savings account contributions to \$2,500 per year (indexed to CPI). Employers may adopt retroactive amendments to impose the \$2,500 limit before December, 2014.
	Imposition of a 0.9 percent Medicare Part A wage tax and a 3.8 percent tax on unearned, non-active business income for those earning over \$200,000 or \$250,000 for families (not indexed to inflation)
	Imposition of a 2.3 percent excise tax on medical devices
	Increase in the income threshold for claiming tax deductions for medical expenses from 7.5 percent to 10 percent
	Elimination of the existing deduction for employers who maintain prescription drug plans
	Increase in Medicaid payment rates to primary care physicians for primary care services to 100 percent of the Medicare payment rate for 2013 and 2014
July 1, 2013	Mandated Consumer Operated and Oriented Plan (CO-OP) nonprofit, member-run health insurance companies go into operation.

Date	Provision
	The Secretary, in conjunction with the NAIC, issues regulations on health care choice compacts which allow states to enter into agreements regarding which health plans could be offered in the markets in all States, but only be subject to the laws of the State where the plan was created.
October 1, 2013	Cuts to Medicare payments to hospitals for treating low-income seniors ¹
	Start of open enrollment in Health Insurance Marketplace
	Cuts to federal Medicaid payments for Disproportionate Share Hospitals from \$18.1 billion to \$14.1 billion (beginning FY 2014)
November 15, 2013	The Administration indicated it will roll out enrollment data.
December 15, 2013	Deadline for enrollment in order to be covered on January 1, 2014.
More Government, Higher Costs	
January 1, 2014	Implementation of Health Insurance Marketplace (Exchanges) – 17 states plus DC will implement their own exchanges, 7 in partnership with federal government, remaining 26 states will be run by the federal government
	Prohibition on annual limits or coverage restrictions on pre-existing conditions (guaranteed issue/renewability).
	Extension of prohibition on excessive waiting periods (90 days) to existing health plans
	Imposition of modified community ratings: family versus individual; geography; 3:1 ratio for age and 1.5:1 for smoking
	Imposition of government-defined "essential benefits" and coverage levels on insurance plans
	Limitation on out-of-pocket cost sharing (tied to limits in HSAs). Limits are \$6,250 for individuals and \$12,700 for families (indexed for COLA)
	Implementation of premium subsidies for insurance purchased in the Health Insurance Marketplace -- amounts of subsidies are dependent on income and available up to 400 percent of the federal poverty line
	Requirement that federal government offer at least two multi-state plans in every state
Higher Taxes	
January 1, 2014	Imposition of new health insurance industry tax (increase will be \$8 billion in 2014, \$11.3 billion in 2015 and 2016, \$13.9 billion in 2017, and \$14.3 billion in 2018 and indexed to medical cost growth afterwards)
	Imposition of individual mandate. Individuals who fail to obtain acceptable insurance will incur a penalty tax of the greater: \$695 or 2.5 percent of income. For families without approved coverage, penalties are capped at \$2,250 until 2016 and then indexed for inflation
Higher Costs/Lost Coverage/Lost Jobs/Employer Mandates	
January 1, 2014	Imposition of the Employer mandate. Employers with 50 full time employees or more who fail to offer "affordable" coverage must pay a \$3,000 penalty for every low-income employee that receives a subsidy through the Exchange, even if coverage is already provided
	Imposition of \$2,000 tax penalty on employers who employ more than 50 full time employees and don't provide insurance coverage. Penalty assessed for every full time employee. Up to 30 full time employees are exempt when calculating penalty
	Require employers with more than 200 employees to auto-enroll employees in health coverage, with opt-out options

Date	Provision
Decreased Access and a Weakened Safety Net	
January 1, 2014	Continued cuts to Medicare home health reimbursement
	Cuts to Medicare payments to Disproportionate Share Hospitals
	Expansion of Medicaid coverage to 22 million childless adults up to 138 percent of the federal poverty line – diminishing resources for vulnerable populations. States will receive 100 percent of the FMAP 2014-2016, 95 percent in 2017, 94 percent in 2018, and 90 percent after
January 15, 2014	Submission of IPAB recommendations. The IPAB annual report on system-wide healthcare costs is submitted on July 1. IPAB submits recommendations to slow the growth of health care expenditures January 1, 2015.
Further Costs after 2014	
January 1, 2015	Implementation of payments tied to quality of care
	Continued cuts to Medicare reimbursements for home health care
January 1, 2016	Healthcare Choice Compacts go into effect.
January 1, 2017	States may allow businesses with more than 100 employees to purchase insurance in the exchange
January 1, 2018	Imposition of the "40 percent" excise tax on "high value" or "Cadillac plans"

¹ <http://www.californiahealthline.org/articles/2013/5/14/cms-outlines-cuts-to-hospitals-that-treat-low-income-patients.aspx>

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Report to Congressional Committees
October 2011
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<http://www.gao.gov/assets/590/585842.pdf>