

Congress of the United States
Washington, DC 20515

December 20, 2012

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Madam Secretary:

We continue to conduct oversight of your Department's implementation of the Patient Protection and Affordable Care Act (PPACA).¹ We are writing to request your cooperation with the Committee on Oversight and Government Reform's and the Committee on Finance's oversight efforts.

On October 19, 2012, Senator Hatch sent you a letter pertaining to the contract received by Quality Software Services, Inc. (QSSI) to develop the infrastructure of the federal data hub.² You have yet to provide any information or documents responsive to this request. The contract awarded to QSSI has received considerable media attention because QSSI was acquired by the UnitedHealth Group (UNH), a health insurance company with a large financial stake in the operation of federal exchanges. UNH acquired QSSI only months after the HHS contract was awarded to QSSI. A November 3, 2012, article from *The Hill* notes the potential for conflict of interest involved in the awarding of this contract:

The prospect that a subsidiary of United-Health Group could have a role in calculating the reallocation of federal funds among rival health plans has unnerved some industry insiders. ... [One individual] ... compared [UNH's] purchase of QSSI to the New York Yankees hiring the American League's umpires....³

There are also claims that HHS took action to prevent the potential conflict of interest regarding the QSSI contract from becoming public. A recent *Weekly Standard* article quotes an unidentified insurance industry source who states, that "HHS went to work on setting up a firewall designed to block [UNH] from gaining access to QSSI's data, presumably out of a desire to keep [UNH] from gaining an unfair advantage."⁴ There are allegations that HHS "suspended work on the firewall and told [UNH] not to alert the SEC to the purchase ... until after the election."⁵

Steve Larsen's departure from his position as Director of the Center for Consumer Information and Insurance Oversight (CCIIO) to work for OptumInsight, a UNH subsidiary,

¹ PATIENT PROTECTION AND AFFORDABLE CARE ACT OF 2010, PUB. LAW 111-148

² See Letter from The Hon. Orrin Hatch, Rank. Member, Senate Comte. On Finance, to Hon. Kathleen Sebelius, Dept. of Health & Human Services (Oct. 19, 2012) (on file with Committee).

³ Alexander Bolton, *Conflict-of-interest concerns raised as Obama races to implement health reform*, THE HILL (Nov. 3, 2012).

⁴ Jeffrey H. Anderson, *The Sebelius Coverup*, THE WEEKLY STANDARD, Vol. 18, No. 13, (Dec. 10, 2012).

⁵ *Id.*

right around the time UNH acquired QSSI presents another potential conflict of interest.⁶ The degree to which Mr. Larsen was involved in the QSSI acquisition is unclear, but the timing of his career change raises several questions about CCIIO. The Committee on Oversight and Government Reform has already written you about potential problems with CCIIO's distribution of loans through the Consumer Operated and Oriented Plans (CO-OP) program created by Section 1322 of PPACA.⁷ Thus far, you have failed to provide any information or documents responsive to this request as well.

To clarify how HHS selected QSSI as the entity to develop the infrastructure of the federal data hub, to clarify the terms of QSSI's contract, and to clarify the details of the planned firewall between QSSI and UNH, please provide the following information by January 4, 2013:

1. Complete copies of all contracts awarded to QSSI to develop the infrastructure of the federal data hub;
2. The following information regarding all contracts awarded to QSSI:
 - a. All documents and communications related to the contract(s) awarded to QSSI, including but not limited to the request for proposals or requests for information;
 - b. All documents and communications referring or relating to what level of competition was utilized in the contracting process with QSSI;
 - c. A list of all government agencies or offices involved at any point in the process that culminated in QSSI receiving the contract(s);
 - d. A list of all HHS or CCIIO employees, agents, or contractors, whether currently employed by those entities or not, involved at any point in the process that culminated in QSSI receiving the contract;
 - e. All documents and communications relating to the requirements of performance of the contract(s) awarded to QSSI, including but not limited to the statement of work;
 - f. All documents and communications referring or relating to any protests or challenges associated with the decision to award the contract to QSSI, including but not limited to a description of when and how those protests were resolved and a list of the individuals from within QSSI, CMS and CIO who were involved in the protest and resolution process; and
 - g. All contracts, agreements, documents and communications describing the processes and procedures that will be in place to supervise the work and decision-making of QSSI;
3. All documents and communications referring or relating to the acquisition of QSSI by United Health Group or the acquisition of QSSI by OptumInsight, including the notification of this acquisition to the SEC between March 23, 2010 and the present;
4. All documents and communications to or from employees, agents, or contractors of HHS referring to or relating to the establishment and suspension of a "firewall" designed to

⁶ *Id.*

⁷ See Letters from The Hon. Darrell Issa and The Hon. Trey Gowdy, Comm. on Oversight and Gov't Reform, to The Hon. Kathleen Sebelius, Secretary, U.S. Department of Health and Human Services (Oct. 23, 2012).

block UNH from gaining access to QSSI's data between March 23, 2010, to the present;
and

5. All documents and communications to or from employees of HHS referring or relating to Steve Larsen's involvement with any matter related to QSSI and the QSSI contract during his time as CIIO Director or during his employment at OptumInsight between March 23, 2010, and the present.

For the purposes of the aforementioned requests, responsive documents should include, but not be limited to, communications to and from Contracting Officer Kevin Newton, and Contract Specialist Allisan Hafner.

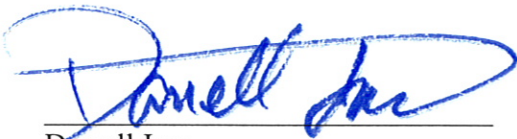
Additionally, provide any responsive documents created, written or otherwise produced after the date of this request on a continuing basis.

The Committee on Oversight and Government Reform is the principal oversight committee of the House of Representatives and may at "any time" investigate "any matter" as set forth in House Rule X. An attachment to this letter provides additional information about responding to the Committee's request.

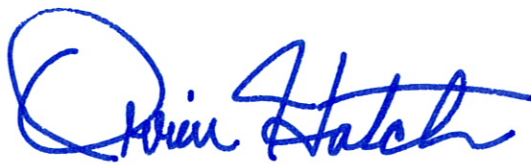
When producing documents to the Committee, please deliver production sets to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2471 of the Rayburn House Office Building. The Committee prefers to receive documents in electronic format.

If you have any questions about this request, please contact Brian Blase or Katelyn Christ of the Committee on Oversight and Government Reform staff at (202) 225-5074 or Kim Brandt of the Committee on Finance staff at (202) 224-4515. Thank you for your attention to this matter.

Sincerely,



Darrell Issa
Chairman
Committee on Oversight and
Government Reform



Orrin G. Hatch
Ranking Member
Committee on Finance

Enclosure

cc: The Honorable Elijah Cummings, Ranking Minority Member
Committee on Oversight and Government Reform