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February 12, 2014

The Honorable Daniel R. Levinson  
Inspector General  
U.S. Department of Health and Human Services  
Room 5541 Cohen Building  
330 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Inspector General Levinson:

We write as members of the subcommittee on Labor, Health and Human Services, and Education on the Appropriations Committee to request a formal investigation into the flagrant waste and abuse of taxpayer monies that were spent and are continuing to be spent for the creation of the Maryland health insurance exchange and online marketplace. On February 10 during a hearing on Maryland's health exchange, Maryland Department of Health and Mental Hygiene Secretary Dr. Joshua Sharfstein stated that the exchange still has "serious IT defects." In fact, according to newspaper reports, officials in Maryland are considering scrapping the entire exchange once this enrollment period ends March 31, 2014.

Because of the failures of the exchange and online marketplace, Maryland is planning to spend an additional \$33 million more than expected this year. This additional spending will bring the overall cost of Maryland's online insurance marketplace to \$261 million. According to the Washington Post, all but \$47 million will be paid for by the federal government. By the end of this year, over \$100 million federal dollars will have been spent on a project that should have cost much less, and doesn't work. As a result of the fact that Maryland appears to be willing to continue to waste tens of millions of more federal dollars more, we ask that the investigation start immediately.

Over the last few years, Consultant BerryDunn was paid \$9 million in federal money to audit the process and to help keep the project on track. BerryDunn warned leaders in Maryland that the exchange was in trouble and yet it appears no one took heed (see the enclosed timeline of events). A year prior to the launch, State Senate President Mike Miller and House of Delegates Speaker Michael Busch were briefed that deadlines were being missed and yet they continued funding the effort with federal money. In March of 2013, those in charge of the exchange began downsizing the plans for the rollout of the site

including stating that it would have to delay part of the website for small businesses to enroll employees. In late August or early September, during a review with federal overseers a live demonstration was cut short because the site crashed. In mid-September the state was warned that internal testing of the site found the software was extremely unstable. Despite all of these warning signs, Maryland chose to continue to waste and abuse federal taxpayer money by opening up what they knew was a flawed exchange to the public. Subsequent to the disastrous rollout, additional federal dollars continue to be spent attempting to fix what Dr. Sharfstein implied might not even be fixable.

Specifically, we ask that your examination include: 1) how federal dollars were spent on the exchange, 2) the procurement process which may have included contractors with no expertise, 3) the lack of internal controls and oversight during the creation of the Maryland exchange, 4) who specifically failed in their responsibilities to safeguard federal taxpayer money, and 5) whether federal taxpayer money can be recouped from the State of Maryland in light of their obvious lack of proper oversight of federal dollar expenditures.

Enclosed are articles by the Baltimore Sun and Washington Post outlining the systematic failures of the Maryland exchange and the lack of accountability by Maryland officials.

Sincerely,

  
Chairman Jack Kingston  
Appropriations Committee

  
Andy Harris, M.D.  
Appropriations Committee

Enclosure

[www.baltimoresun.com/health/bs-md-health-exchange-20140210,0,2384549.story](http://www.baltimoresun.com/health/bs-md-health-exchange-20140210,0,2384549.story)

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## **Costs rising for state health exchange, which is still 'not functional'**

### **Sharfstein says not clear if web site can be fixed for next fall's enrollment**

By Erin Cox, The Baltimore Sun

8:44 PM EST, February 10, 2014

Maryland's poorly performing health exchange will cost taxpayers \$33 million more than expected this year, bringing the state's total annual expense to \$138 million, officials said Monday. advertisement

The money is needed, in part, to pay the company hired to help fix the dysfunctional web site and to triple the work force at the state's call center, which has been overwhelmed by requests for help from customers struggling to buy insurance online.

Even with the extra spending, it isn't certain the exchange can be fixed – or is worth fixing – in time for the next enrollment period in the fall, officials said.

The exchange still has "serious IT defects," state health secretary Dr. Joshua Sharfstein told a panel of lawmakers in Annapolis. The administration plans to use the existing contractors for the rest of the current enrollment period, which ends March 31, Sharfstein said.

But after that, he said, officials must decide whether Maryland should stick with its own health exchange, use it in conjunction with the federal health exchange, or adopt the technology of a website that has been successful in other states.

"The contractors have not delivered what they said they would deliver, there's no question about that," Sharfstein said.

The additional spending this year will bring the overall cost of the online insurance marketplace to \$261 million, officials said.

The revelation about the depth of technical troubles with the state's website came as the Obama administration announced Monday it would delay another provision of the Affordable Care Act that called for small businesses to provide health care for their workers by 2015. Now, businesses with 50-99 employees will not have to provide it until 2016.

Maryland's exchange was envisioned as being a one-stop shop for Medicaid, subsidized private health plans and the small business exchange. But the website crashed shortly after it launched Oct. 1 and the

state's top IT expert said Monday key pieces were still "not functional."

Senate Minority Leader David Brinkley questioned why the state had yet to fire its chief contractor. "A quarter of a billion dollars ... and we still don't have something that works?" Brinkley said.

The briefing took place during the first meeting of a bi-partisan oversight panel announced last week by General Assembly leaders to make sure the exchange gets fixed.

When pressed by lawmakers, Sharfstein said at least \$21 million of the extra costs this year could be attributed directly to the flubbed rollout of the exchange. That includes about \$15 million going to Optum/QSSI, a Columbia-based company that helped fix the federal government's IT website, [healthcare.gov](http://healthcare.gov). Another \$6 million pays to expand the call center, which receives more than 3,000 phone calls a day.

The federal government is providing most of the money to build and maintain Maryland's exchange, which was supposed to be a national model for accessing the benefits of the Affordable Care Act. The site has been beset by technical problems since it launched.

Two key contractors charged with building it are entangled in a court battle, the exchange's executive director has resigned, and enrollment in subsidized private plans has lagged far behind state projections. The state once expected 150,000 people to enroll in private plans by the end of March, when people face a tax penalty for not having health insurance. So far, 29,059 have signed up.

Sen. Thomas "Mac" Middleton, co-chairman of the oversight panel, questioned whether the federal government would be willing put more money into fixing the exchange.

"I don't think it's the case that the federal government would fund whatever we want," Sharfstein responded, and said Maryland must come up with a "sensible plan."

After two months of troubles with the exchange, Gov. Martin O'Malley put Isabel FitzGerald, secretary of information technology, in charge of technical repairs. FitzGerald said Monday the software that was supposed to be the centerpiece of Maryland's exchange was "not functional, and to date, is still not functional."

The program, by a division of IBM called Curam, has also been blamed for problems with Minnesota's health exchange. In January, she said, a Curam error caused 9,000 people to be told their subsidies were higher than they actually were.

FitzGerald said that her team fixed 560 "defects" to the site already, but more remain. And there are 11,000 applications for health insurance stuck in the system. Roughly half are tied to a single problem that FitzGerald said her team is working on. There are also "ghost applications" that have vanished, she said.

State officials reiterated that while the website has had major problems, it works far better than it did even late last year. FitzGerald said the worst glitches still involve "early adopters" who tried to get through the system last fall. Now, she said, only about 2 percent of new applicants hit significant glitches.

Carolyn Quattrocki, acting executive director of the exchange, said part of their new marketing and outreach strategy explains that progress. "There is an effort to say, 'Come back and try again.'"

As technical troubles persisted, the four insurers who sell policies through the exchange agreed to provide retroactive coverage to people who signed up by late January. State officials said Monday that a total of 444 people got insurance through that program. Lawmakers also rushed to pass emergency legislation that allowed people stuck in the exchange to get retroactive coverage through a state program. So far, no one has applied for it.

Lawmakers plan to invite the four insurance companies to join Sharfstein at the next briefing on exchange fixes in two weeks.

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# The Washington Post

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## Md. officials explore options for health insurance exchange

**By Jenna Johnson, Published:  
February 10**

The Maryland health insurance exchange has so many structural defects that a key member of Gov. Martin O'Malley's Cabinet said Monday that officials are "actively investigating alternative options" for the next enrollment period, which begins Nov. 15.

That would mean walking away from all or part of a system that has cost tens of millions of dollars to build.

The system has "serious IT defects" that have made it difficult for Marylanders to enroll in health insurance as part of President Obama's Affordable Care Act and for the state to properly process applications, said Joshua M. Sharfstein, Maryland's secretary of health and mental hygiene, at a Monday afternoon meeting of a newly formed oversight committee. That has resulted in "substantial manual work," he said, and heavy reliance on call centers with more than 400 employees.

Maryland officials were some of the earliest and most enthusiastic supporters of health-care reform, and O'Malley's administration had bragged that its health-insurance marketplace would be one of the best in the country. Maryland is one of 14 states that launched their own exchanges instead of relying on the federal one, and its experience has been one of the worst.

State officials had estimated that 150,000 to 180,000 Marylanders would sign up for private health plans during the first enrollment period, which started Oct. 1 and will end March 31. As of Friday, the tally was at 29,059.

The struggling health exchange has become a focal point in the state gubernatorial race. Maryland Lt. Gov. Anthony G. Brown (D), who is running for governor, was tasked with implementing the Affordable Care Act in Maryland. Brown has said that it was his job to set up a legislative framework for the exchange, and that he entrusted the creation of the system to the exchange's governing board, staff and contractors.

The exchange is expected to cost more than \$260 million over four fiscal years, according to documents

given to lawmakers Monday. That estimated total includes not only the cost of building the system, but also the salaries of exchange administrators and employees, the call centers and other operational costs.

Much of this funding came from the federal government, but Maryland is expected to pick up \$47 million of the total estimated cost.

Maryland hired Noridian Healthcare Solutions, based in North Dakota, to build the system and signed a contract worth more than \$193 million over five years. So far Noridian has billed the state for nearly \$78 million, and Maryland has paid the company nearly \$65 million.

Noridian took off-the-shelf health-care software sold by IBM and hired a technology company, EngagePoint, to stitch it together into one system. Some of the most serious problems with the system are caused by defects in core software, said Isabel FitzGerald, Maryland's secretary of information technology. Those problems have caused applications to lose chunks of data or become lost in the system, she said. The system also doesn't provide real-time status updates for applications, so some people are left wondering whether they are actually enrolled.

Clint Roswell, a spokesman for IBM, said in a statement on Monday that the company continues to work with Noridian, subcontractors and exchange officials to "enhance the performance of the state's health insurance marketplace." He noted that Noridian "is responsible for the overall implementation," and that the latest statistics show that more than 95 percent of consumers now entering the site are having a "positive experience."

Sharfstein said these software problems are a "significant reason" for the bungled launch of the state exchange on Oct. 1 and the ongoing problems it faces. But he also placed blame on Noridian.

"The contractors have not delivered what they said they would deliver," Sharfstein said. "There's no question about that."

Sharfstein said it would not be beneficial to the state to drop Noridian before the first enrollment period ends. He would not say if the state plans to take legal action to recover money from the companies involved with the building of the exchange, but said that "all options against any and all vendors remain on the table."

A spokeswoman for Noridian did not return a request for comment.

Noridian and EngagePoint are suing each other in a fight over money and employees. In court papers filed Friday, EngagePoint alleged that Noridian "concealed its lack of relevant expertise" when it bid on the contract. Noridian's president and chief executive, Tom McGraw, responded by saying in a statement that the accusations are "false, unsupportable and will be contradicted by evidence that we present in court and arbitration."

Maryland will continue to use the system for the remainder of the current enrollment period, which ends March 31. Switching systems now would only cause more turmoil, state officials have said. After that, the state will have just seven months to either overhaul its system — which, officials say would require rebuilding substantial segments — or partnering with the federal government's marketplace, swapping out parts for superior technology from other state systems or joining a state consortium.

“This will be a critical decision and requires due diligence and fair consideration of all the options,” FitzGerald said. “At the same time, we recognize the earlier that we can make that decision, the more time we will have to prepare for next fall’s open enrollment.”

Sharfstein and FitzGerald did say that hundreds of fixes have been made to the exchange, and they will continue to work to improve it.

Although some users, especially those who are tech-savvy and have simple applications, are able to sign up for health insurance relatively quickly, FitzGerald said that there are “significant” problems that will continue to remain once enrollment ends March 31.



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## **Technical problems, discord plagued health care site**

### **Documents reveal behind-the-scenes trouble at Maryland health exchange**

By Meredith Cohn and Andrea K. Walker, The Baltimore Sun

10:50 PM EST, December 7, 2013

Although state officials have provided the public scant detail about the troubled launch of Maryland's version of Obamacare, emails and documents show that the project was beset behind the scenes for months by an array of technical issues, warring contractors and other problems. advertisement

Since Maryland's online health exchange opened Oct. 1 for people to buy insurance under the Affordable Care Act — and immediately crashed — the two main companies in charge of the website have taken their fight to court, a corporate project manager was replaced and a high-powered consulting firm was quietly brought in to restore order. Though state officials initially said the crash of the online exchange was an unexpected and fixable problem, emails and documents obtained by The Baltimore Sun through state open-records laws outline serious issues before and after the launch.

The revelations came just days before Rebecca Pearce, the head of the exchange, resigned. State officials announced that move Friday night and pulled Carolyn Quattrocki from the governor's health reform office to serve as an interim replacement.

Just two weeks before the launch, Pearce visited the prime contractor's Linthicum headquarters and found a room of empty seats. She fired off an email questioning the company's commitment to resolve problems and reminding the contractors of what was at stake: "Tonight, I am begging. I don't know how else to say it: we have got to make this a reality."

Despite her proddings, in-fighting between contractor Noridian Healthcare Solutions and a key subcontractor, EngagePoint Inc., disintegrated amid finger-pointing and accusations in court papers. At one point, after Noridian severed contractual ties between the companies but continued to ask for help, EngagePoint CEO Pradeep Goel emailed Noridian officials: "Are you people on crack cocaine?"

Today, the exchange website, called the Maryland Health Connection, is still not operating properly for all users, and officials are scrambling to meet deadlines for the public to obtain coverage. The problems have triggered criticism from some political pundits and have proven embarrassing for Gov. Martin O'Malley and other state officials who touted the website before its launch.

Asked about the conflict between the project's contractors, Health Secretary Dr. Joshua Sharfstein said in an interview, "It's sort of like hiring a husband-and-wife team to do your roof and then they get divorced. The dispute did adversely affect the project. It was a distraction as we were launching the

website and then working to address problems."

Lt. Gov. Anthony G. Brown, chosen by O'Malley to lead the state's reform efforts, claimed ultimate responsibility for the website problems last week after facing increased media and political pressure. But he said in a later interview that he had focused mainly on legislative and policy issues and depended on operational updates from Pearce's office. The reports noted everything was running smoothly and on track until September, when only minor problems were reported, he said.

"I certainly had the responsibility to ensure that if there were problems that required additional resources — changes in legislation or policies — that my responsibility was to make sure the exchange got what it needed," Brown said in an interview Friday. "And I relied on the reports that I received on the exchange. ...But at no point was a red flag ever brought to my attention as if we have a problem here, we are not going to meet the launch date, or if we do meet the launch date we are going to significantly underperform."

Brown said the exchange was created as an independent agency with autonomy. Its board is chaired by Sharfstein and includes heads of the state's health care commission and insurance administration.

Sharfstein and other health department employees were copied on a number of emails that discussed problems with the exchange. Sharfstein and Brown are co-chairmen of the overarching Health Care Reform Coordinating Council, which is charged with implementing Obamacare in the state.

The shake-up at the health exchange began last week. O'Malley and Brown charged the state's chief technology officer with overseeing fixes and put Sharfstein in charge of operations, taking away Pearce's main responsibilities in managing the exchange. A few days later, she resigned.

Pearce, who was hired in 2011 at a salary of \$175,000, declined to comment on problems surrounding the exchange or her resignation.

The emails provided by the state covered the two weeks before and after the website launch. They give only a limited behind-the-scenes view of creating and launching the exchange. Officials withheld an unknown number of emails, saying state law exempts them from disclosure because they involved the decision-making process of high-ranking executive officials.

The troubles in Maryland mirror problems faced by other state exchanges, as well as the federal portal providing insurance options to consumers in 36 states.

The exchanges' bumpy rollout has galvanized critics of the health law, including Republicans in Congress who say it was fresh evidence that the entire plan should be scrapped. In Maryland, the toughest criticism has come from website users who have struggled to buy insurance, as well as political opponents of Brown, a candidate for governor. They say he bears responsibility as the state's point man on health care reform.

O'Malley has also been a target of critics. He recently said that he wanted the website's major technical problems fixed by mid-December. That statement came a day after Sharfstein told state lawmakers it was unclear when the site would be entirely free of glitches — an answer that drew criticism from Republicans and some Democrats.

Technology experts and those involved in setting up the websites say they are among the most complex web endeavors ever undertaken. State officials say there wasn't sufficient time to test the sites after the federal government released regulations related to the Affordable Care Act, and there was no pre-launch access to federal computers used to check consumers' eligibility for subsidies.

In Maryland, Sharfstein said the complexity was compounded because of an aging state Medicaid computer system that needed to be integrated into the exchange. Officials also chose to customize existing technology that proved tougher to retrofit than expected, he said.

"Unlike buying a book online from Amazon, this process is more akin to applying for a passport, buying a home, and receiving an individually calculated tax credit all through a single web portal," O'Malley said Friday night. "We had more user glitches and user problems than we had hoped.

"A longer testing period might have allowed us to prioritize and address more of these problems before the launch date. Time and ultimate success will tell whether the decision to purchase off-the-shelf software and employ multiple contractor entities were good or bad decisions."

### **The companies**

In early 2012, the state gave a \$71 million contract to develop the website to a Noridian-led team that included Curam Software, IBM and Connecture. To save time in creating the exchange, the Maryland legislature exempted the contract from the normal procurement process, and North Dakota-based Noridian outsourced three other bidders.

Sharfstein said Noridian will likely remain at work in its Linthicum offices beyond its contract's year-end expiration. The company has already been paid about \$57 million but the state contract allows penalties for delays. State officials declined to comment on whether any penalties will be sought.

Noridian is ultimately responsible for delivering the system, Sharfstein said. EngagePoint, which is based in Calverton, was not included in the original contract and appeared to have been hired without the exchange's knowledge, officials said.

The state first learned of the companies' "deep strains" in the three months before the website launched, according to documents in U.S. District Court in Baltimore. The issues disputed included accounting, project management, intellectual property and payment.

Emails offer a glimpse at how their differences affected efforts to build the site and then fix post-launch problems. Pearce repeatedly questioned the contractors' commitment to the project after Gov. Martin O'Malley announced on national TV that Maryland's site would go live on time.

On Sept. 22, after Sen. Barbara Mikulski echoed the governor in publicly applauding Maryland's readiness, Pearce wrote the contractors: "It's time to get this right. Now. Period."

Noridian was also criticizing the subcontractor it hired. On Sept. 25, Noridian's project manager wrote to Goel, complaining that EngagePoint refused to perform critical work: "EngagePoint is responsible for 'designing and *implementing* [an exchange] system,'" the project manager wrote.

The 8 a.m. launch was supposed to allow the estimated 800,000 uninsured Marylanders to sign in and

browse 45 plans from six insurers. Officials had warned of "bumps in the road," but the site crashed in minutes.

The state provided few emails from the first day. In one, contractors said they would work on the firewall; Sharfstein said later in an interview that it was eventually altered to allow more users onto the site.

Problems persisted the next day. Pearce repeatedly asked for updates, but the answers appeared unsatisfactory, emails show.

"As the executives in charge of this program, I would like to understand from you exactly what is happening with the project and what you are doing to address the issues," she wrote to the contractors at 7:56 a.m. on Oct. 2. By 4:10 p.m., she questioned why 85,000 people had hit the "get started" button, but there fewer than 500 accounts had been created.

About a half-hour later, she wrote to the contractors, "Can you please provide an update on what is going on right now? Who is on site? What has anyone learned?"

Some of the companies' emails focused on achievements rather than dwelling on worsening problems.

Noridian CEO Tom McGraw wrote to state officials on Oct. 4, "We have seen increases in all aspects of the system performance over the last several hours and anticipate that these will start showing in the next report."

But four days later McGraw notified state officials that the project manager was being replaced.

Meanwhile, Marylanders like Luke Goembel were stymied by a host of problems that included frozen screens, problems with verification and difficulty creating accounts.

When the website opened, the Baltimore scientist tried to buy insurance for his family, but got an error message. Three days later, Goembel got a message to call customer service.

Goembel tried the website again that day, but says that after entering information about his identity, the site froze. Later he got a "server error" message. And still he had no online account.

Customer service started a paper application for him on Oct. 18.

Over the next month, Goembel finally was able to create an account, but before he could buy a plan for his family of four with subsidies, he had to repeatedly call for help, enter the same information over and over online, tolerate error messages and recheck his eligibility for assistance three times.

Eventually, the family was enrolled in a plan significantly better and 40 percent cheaper than his previous coverage, with dental insurance.

Still, he's angry about the delays. "The Maryland system is severely flawed," he says. "The state was sold a bill of goods."

### **The dispute**

Soon after the website's launch, emails among the contractors and exchange officials began to focus more on the dispute between Noridian and EngagePoint.

Chuck Milligan, who heads the state's Medicaid program, whose recipients will eventually use the exchange, complained that the contractors were too distracted by a new argument over who should be the state's prime contractor. The companies had proposed that EngagePoint take over as the prime contractor, but state officials said there was no time to consider such a shift.

"We do not have time to waste," he emailed the contractors. "We hope your email was not intended to convey that the team will not proceed with conviction while it awaits the resolution of the prime issue."

The top executive at Noridian also stepped in by mid-month, holding a meeting with contractors, state officials and consultants it hired from McKinsey & Company, a global management consulting firm. McKinsey was hired at the state's suggestion, but paid for by Noridian.

Paul von Ebers, CEO of Noridian Mutual Insurance Co., Noridian's parent company, wrote on Oct. 10 that the consultants "expressed concern with ongoing coordination issues between the Noridian and EngagePoint teams." He requested a meeting to resolve "working differences" between the companies.

This was days before Noridian fired EngagePoint, sparking the angry email exchanges and dueling lawsuits between the companies. Noridian then sought to hire EngagePoint workers; EngagePoint sued and was met with a counter-suit.

"We are expected to do piecemeal work for Noridian after contract termination because you just woke up and decided you don't know what you are doing?" Goel wrote Oct. 26. "We are not going to respond to ridiculous emails from Noridian demanding our team members show up for work after being escorted out of the office."

Noridian's McGraw declined to be interviewed but said in a statement that his company was responsible for designing and implementing the system. It is a work in progress, he added.

"The complexity of this project has led to a number of major issues beyond what was anticipated; one example is federal regulations that redefined the system's requirements during development," he said in the statement. "Noridian and subcontractors have been working to systematically identify the cause and resolve each issue."

He declined to comment on the litigation with EngagePoint.

Goel, the EngagePoint CEO, said in a telephone interview that he was never told his company's work was unsatisfactory. The conflict with Noridian at first involved the way the project was being managed, he said.

After EngagePoint's firing, the companies battled over \$6 million that EngagePoint said it is owed for work, Goel said. He also said Noridian wants to hold EngagePoint responsible for certain financial obligations, such as potential state penalties for missing performance goals, even though it is no longer part of the contract.

Goel said problems with the exchange lie with the complexity of the job, connecting federal, state and

insurer sites for the first time ever.

"It's not like Legos where everything is designed by the same company and fits beautifully," he said. "You're trying to get all the pieces to talk to each other."

He admits that emotions were running high immediately after the firing, but said he wants the exchange to succeed and has given Noridian information when asked.

EngagePoint also has contracts to work on exchanges in other states, including Minnesota. A spokeswoman for the Minnesota exchange said officials in that state have been happy with the company's work.

Improvements have been made to Maryland's website, officials said, including easing the firewall, increasing memory and rewriting code to reduce errors. Combined, they have made the site "far more functional" than it was on Oct. 1, Sharfstein said.

As of Friday, 3,758 people were enrolled in private insurance plans. More than 97,000 are expected to gain coverage under Medicaid. And officials maintain that their goal is to sign up 150,000 in private plans by the March 31 deadline for Americans to buy insurance or face a penalty.

Larry Burgee, an associate professor of information systems at Stevenson University, says Maryland could have avoided problems with better planning. For example, states should not have all tried to create their own sites but rather should have pooled resources, tested a few systems and all gone with the best, said Burgee, who teaches a class on the federal exchange website.

He added, "All this money was spent, and in Maryland we hear about two companies fighting. ... People at the top need to take the fall for this."

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# Maryland Politics

In the News Chris Christie Obamacare Debt limit Sochi Michael Sam Johnny Quinn



## Timeline: Maryland health-care exchange

This timeline is based on a Washington Post review of thousands of pages of previously undisclosed documents, including e-mails, internal reports, audits and court records -- many of them available below -- along with interviews with dozens of current and former contractors, state officials and others. [Related story: Maryland officials were warned for a year of problems with online health-insurance site](#)

MARCH 23, 2010

### Obama signs the Affordable Care Act into law

The broadest changes to the U.S. health-care system in decades, the law is intended to provide coverage to millions of uninsured Americans through new state health-insurance marketplaces, called exchanges, that can be run by the states or by the federal government on behalf of states.

**Obama signs health-care overhaul**

MARCH 24, 2010

### O'Malley signs executive order to begin planning for state exchange

Maryland Gov. Martin O'Malley's (D) order creates the first of what would become several councils and advisory groups to guide the creation of the state's exchange. Lt. Gov. Anthony G. Brown (D) was named the highest-ranking elected official in charge of the effort.

**See related**



Gov. O'Malley. (Courtesy of maryland.gov)

MAY 6, 2010

### Brown co-chairs first meeting on creating state's health-care exchange

Brown promises success, saying, "I intend to do everything in my power to ensure that we do it better than any other state in America."

**See related**



Lt. Gov. Brown, left. (Cliff Owen/AP)

APRIL 12, 2011

### O'Malley signs law establishing the Maryland exchange

At the urging of Maryland Health Secretary Joshua Sharfstein and Brown, the state legislature sets up the online marketplace as a public corporation, exempt from state laws on procurement, with Sharfstein as chairman of the board.

Lt. Gov. Brown, center, and Secretary Sharfstein, right. (Brian White/AP)

JUNE 3, 2011

### Exchange board meets

The first board meeting occurs.

**See related**

### Related stories

#### Prince George's County volunteer opportunities

Needs include the Make-a-Wish Foundation, which grants wishes to kids with life-threatening illnesses.

#### Prince George's County community calendar, Jan. 30-Feb. 5, 2014

Computer classes, nature walks, math testing seminars, spaghetti supper, health checkups and more.

#### Prince George's County volunteer opportunities

Md. mall shooter Darion Aguilar a 'good kid'; no criminal record or known mental issues

#### Prince George's County community calendar, Jan. 23-29, 2014

Maryland's health Web site debacle: A scandal of incompetence

#### D.C. community calendar, Jan. 16 to Jan. 23, 2014

Alexandria/Arlington community events, Jan. 16 to 23, 2014

For Fairfax and Montgomery, top priority in legislative sessions is school funds

D.C. program reflects national trend toward moving older Americans out of nursing homes

AUG. 16, 2011

**Board approves hiring of executive director**

Rebecca Pearce, the head of benefits administration for Kaiser Permanente, takes a pay cut to lead the exchange, saying she hopes to make it the best it can be.

[See related](#)

OCT. 21, 2011

**Maryland seeks bidders to build health exchange**

Maryland becomes one of first states to commit to its own exchange.

[See related](#)

FEB. 22, 2012

**State hires prime contractor for exchange**

Noridian Healthcare Solutions of Fargo, N.D., a company mostly known as a Medicare claims processor, is hired to deliver the system by Oct. 1, 2013.

APRIL 13, 2012

**Prime contractor hires subcontractor**

Noridian hires Consumer Health Technologies (later renamed EngagePoint) of Fort Lauderdale, Fla., as systems integrator. Maryland officials said they did not learn until later that two agreed to share profits.

AUGUST 2012

**Outside auditors begin evaluating project**

Consultant BerryDunn of Portland, Maine, begins evaluating in the creation of the Maryland exchange, with \$9 million in federal money set aside for the auditor to provide confidential monthly assessments to the state to help keep the project on track.

NOV. 1, 2012

**State Senate, House leaders are warned about early problems**

Word of the first confidential report leaks, and senior analysts brief legislative leaders, saying deadlines for working with state agencies are being missed and the state Department of Information Technology "was unaware" of the exchange project schedule.

[See related document](#)

DECEMBER 2012

**An early report card**

State officials are briefed on one of the consultant's first reports, which warns that many aspects of the project are at risk.

[See related document](#)

MARCH 2013

**Exchange begins scaling back**

The exchange board begins to downsize once-ambitious plans for the rollout, saying it will have to delay part of the Web site for small businesses to enroll employees. A second project manager is brought aboard.

MAY 2013

**State passes test**

Maryland's still rudimentary exchange software connects with a federal data hub, getting a green light for the state to continue building its Web site.

JULY 2013

**Contractor dispute strains project**

The state later says this is the period when "deep strains" in the relationship between Noridian and EngagePoint began hampering the project.

[See related document](#)

LATE AUGUST AND EARLY SEPTEMBER 2013

### Warnings intensify; state fails test

A live demonstration of how the exchange will operate is cut short when the site crashes in a review with federal overseers. It also freezes up during two demonstrations to exchange members and an advisory board, according to several consumer health advocates who were at the sessions.

Resident tries to resume a Maryland health-exchange application. (Andrew Harrer/Bloomberg News)

SEPT. 13, 2013

### Internal testing concludes site software is 'extremely unstable'

Contractors record hundreds of failures and ongoing threats. Testers say the final version of the software will not be completed in time to test before launch.

[See related document](#)

SEPT. 16, 2013

### State is warned to begin "contingency" planning for failures

Two weeks out from the start, the consultants weigh in again, warning the state to develop a plan for inevitable problems with the launch.

[See related document](#)

SEPT. 17, 2013

### Deadlines passing

Pearce e-mails contractors asking why due dates for tasks appear to have been pushed back without the state being alerted.

[See related document](#)

SEPT. 18, 2013

### Empty seats

Pearce encounters nearly empty offices with the launch nearing and pleads in an e-mail, "Tonight, I am begging."

[See related document](#)

SEPT. 23, 2013

### Political ripples

Health Secretary Sharfstein e-mails Pearce with the subject "from today's [Baltimore] Sun" and pastes Sen. Barbara Mikulski's (D-Md.) endorsement of Lt. Gov. Brown, in which Mikulski said the state would have an exchange "that's ready to go because of Anthony Brown."

[See related document](#)

SEPT. 23, 2013

### Impatience with contractors

Two hours after Sharfstein's e-mail, Pearce forwards his e-mail to the main contractors and says: "It's time to get this right. Now. Period."

[See related document](#)

SEPT. 23, 2013

### Noridian replies to state e-mails

Noridian chief executive Tom McGraw replies to Pearce: "Understood."

[See related document](#)

SEPT. 25, 2013

**Contractor split widens**

Noridian sends EngagePoint a letter contending the subcontractor "refused to perform critical work."  
EngagePoint lawyers notify employees to preserve records in anticipation of legal action with Noridian.

SEPT. 25, 2013

**Go/no-go meeting**

Top aides to Gov. O'Malley and Lt. Gov. Brown meet and vote to give the launch a green light.

SEPT. 25-30, 2013

**Consultant urges bare-minimum launch**

A BerryDunn letter cites the lack of testing among ongoing problems, elevating the problems flagged in its monthly reports. Pearce thanks it for candor but replies that she is confident about going live.

[See e-mail from contractor](#)

[See e-mail from Pearce](#)

SEPT. 26, 2013

**Obama in Maryland for health-care rally**

Obama invokes Maryland as he rallies support for the imminent launch of the health exchanges during a Prince George's County appearance.

OCT. 1, 2013

**Maryland Health Connection goes live**

The state exchange is supposed to go live at 8 a.m. but freezes, and the state asks Marylanders to come back in four hours. At noon, the site crashes within moments.

OCT.14-15, 2013

**EngagePoint seeks renegotiation of contract**

Noridian and EngagePoint meet with the state about possibly swapping roles.

[See related document](#)

OCT. 25-26, 2013

**Noridian fires EngagePoint**

Noridian terminates EngagePoint's contract and asks key EngagePoint employees to come to its job site. EngagePoint gets a restraining order. Both firms eventually sue each other over contract obligations.

[See related document](#)

OCT. 26, 2013

**EngagePoint CEO reacts**

EngagePoint's chief executive balks at a Noridian request for employees to share information, sending an e-mail that asks, "Are you people on crack cocaine?"

[See related document](#)

NOV. 27, 2013

**Governor pledges fixes**

O'Malley says most technical problems with the health site would be fixed by mid-December. He says he supported "risky launch."

[O'Malley promises tech fixes to Maryland's health-insurance exchange](#)

DEC. 6, 2013

**Exchange director resigns**

Rebecca Pearce resigns from her post.

[Rebecca Pearce, director of Maryland's alling health-insurance exchange, resigns](#)

DEC. 16, 2013

### Governor says major fixes done

O'Malley says major fixes are complete while also hiring Optum/QSSI, a Columbia, Md.-based company, "to accelerate our progress."

**Maryland health-exchange users hit snags, but O'Malley reasserts 'major fixes' are done**

JAN. 3, 2014

### Governor pushes for emergency legislation

Acknowledging unknown number of Marylanders have been unable to use site, O'Malley proposes emergency legislation to get health coverage to citizens who tried to sign on for health insurance at the state exchange site but couldn't get coverage due to technical problems.

**O'Malley to push emergency health-insurance legislation**

JAN. 3, 2014

### Governor says state weighing handoff to federal site

O'Malley says technical problems on site could force Maryland to offload some functions to the federal government; governor says state likely won't come close to meeting goal of enrolling 150,000 through private plans by March

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