

Whether You're HHS or a P&C Insurer, Trial and Error Trumps Schedule of Milestones

The problem currently manifesting itself with the Department of Health and Human Services (HHS) health care marketplace, or exchange, is the result of an inherent management problem—one that is also rampant in the P&C workers' compensation world.

The Department of Defense (DoD) has fielded some magnificently complicated weapon systems that allow our country to remain strong and defend freedom throughout the world. I offer that as an example of a federal entity that can develop and manage complex IT systems. The DoD's annual budget is slightly more half that of the HHS. With essentially unlimited financial resources, why can't the HHS build exchanges? These are data marts that connect already existing processes and sources, so conceptually it is a simple integration problem.

The answer is that it is the details that count. Making all the bits and bytes line up in the interfaces so that all the disparate systems transfer data that is meaningful to each sending and receiving system. Engineering communications 101. Which brings us to the point. The DoD learned that success in developing systems requires a knowledgeable buyer. They created acquisition authorities staffed with technically experienced decision makers.

Technical organizations like Apple, Amazon, Microsoft and even the DoD have technical DNA in their decision making processes. These organizations inherently



understand that creating software solutions, or inventing hardware, is largely a process of trial and error. You start with an operating theory then build a solution. Then you expect to find ideas that did not work as theorized or need maturation with real data. If you don't understand that process or if you believe you can simply build a solution and it will work at the first throw of the switch, you are bound to 'fail.' If you are not technically minded, this 'failure' looks like a tragedy. But if you do understand the development process, you can recognize this as the first step of many toward success.

Government contracts or P&C carrier contracts are usually awarded to the 'safe' choice. The safe choice is usually a brand-name large consultant firm or other qualification other than technical DNA. These organizations sell the concept of success as a schedule of milestones that don't address development risk as part of the expectation. There are a lot of recent 'failed' integrations of claim systems. Those failures and the HHS failures point to an

acquisition system where the organizations that win contracts are not necessarily the organizations that are capable of delivering the advertised solutions. High profile launch schedules developed presuming success at every step are bound to be disappointed. They sell nicely in the early stages and people can look like heroes when the delivery is months or years away. But the reality of system development is you must expect to toddle, fall and get up again over and over again until the system runs well. Then you can launch. The best way for the exchanges to succeed is to pull the systems off line, give up on the political exigencies of the Oct. 1 operating date. Then test, fix, develop until they are ready for public consumption. Every day they are operating in a deficient manner they are creating fodder for the press and staying in the public eye.

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