



**FIGURE 7-23**  
Healthcare Exchange  
Interorganizational IS

for CIGNA, a health services organization.<sup>14</sup> Wadleigh's primary assignment was to hire and manage an outside contractor to develop the exchange Web site and supporting backend code and to manage the implementation of the exchange information system.

By June 2012, Access CT had created a project plan and begun a search for the contractor to develop the site. By September 2012, it selected Deloitte Consulting LLP. At the time, Wadleigh stated, "With only 12 months until the Exchange goes live, we look forward to beginning our work with them immediately."<sup>15</sup>

That summer, in an interview on July 13, a local press reporter asked CEO Counihan, "Can you get it done on time?" His response: "This state's going to get it done in time."<sup>16</sup>

And it did. By the end of the federally mandated deadline, Access CT had enrolled 208,301 Connecticut residents,<sup>17</sup> and Connecticut had become a model for state-run exchanges.

## Cover Oregon

The outcome was not so positive in Oregon. After spending nearly \$250 million, the exchange was clearly inoperable, and the exchange's board of directors decided to stop development and utilize the federal exchange instead.<sup>18</sup> After this decision, the Oregon legislature hired an independent company, First Data Corporation, to investigate the causes of this debacle.<sup>19</sup>

Unlike in Connecticut, neither Oregon's governor nor any other elected official was directly involved in the project. In fact, in January 2014, the governor stated that he'd only become aware of the failure in "late October."<sup>20</sup> The site was to have

gone operational on October 1, and it strains credulity to believe that it took 3 weeks for the news of the failure to reach him. In any case, it is safe to assume the governor was not a "hands-on manager" of the project, nor did he delegate any senior elected official to take that role.

According to First Data,<sup>21</sup> from the onset, the project suffered from divided direction. Cover Oregon is a quasi-independent corporation as is Access CT, but the exchange information system was to be developed by a different governmental agency, Oregon Health Authority (OHA). Personnel in the two agencies engaged in turf battles and held deep differences about project requirements. These differences resulted in always-changing, inconsistent direction to software developers.<sup>22</sup>

Further, unlike Access CT, OHA did not hire a supervising contractor for the project, but instead decided itself to take an active role in the software's development. Unfortunately, the agency suffered high employee turnover and had difficulty hiring and keeping qualified personnel. OHA did hire the services of a professional software development company to create major software components. However, of the three finalists for this work, two dropped out at the last minute, and the winner by default, Oracle Corporation, became in essence a sole source vendor. Consequently, Oracle was able to negotiate time and materials contracts rather than contracts for specific deliverables at specific prices. Later, when problems developed, Oracle was paid tens of millions of additional money for change orders on that same time and materials basis. OHA also attempted to do much of its own programming, but the team had no experience with Oracle and lacked both developers and managers.<sup>23</sup>