

What can FirstNet learn from health insurance exchanges?

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Health insurance exchanges (HIXs) and FirstNet technology are both statewide initiatives that all states must adhere to. The HIXs are a key component to the Affordable Care Act (ACA) and will serve as an online marketplace for individuals to shop for health insurance plans. FirstNet was established in order to provide first responders with a nationwide, high-speed network to be utilized in an emergency by public safety agencies.

So, what lessons can be learned? Deltek's Health Care and Social Services Team paired up with the Justice and Public Safety Team to see if any parallels could be drawn from the two very different efforts.

Q: As far as the “opt-in/opt-out” strategy goes, what does this mean for vendors and how should they position themselves? Do vendors profit more from being a nationwide provider or multistate provider?

A: With the HIX initiative, states were given the option to set up their own exchange, utilize the federal HIX (built by CGI), or utilize a federal-state partnership (hybrid model). Factors such as political resistance to the ACA and lack of federal guidance all contributed to states' shuffle in deciding which direction to take. Only a handful of states were completely on board with developing their own exchange from the beginning; many went back and forth in their decision. For that, vendors should get involved with states early on and pay attention to each one.

Vendors can give themselves a considerable leg up by seeking contracts with the federal model that will be available to states. Vendors who win a contract for federal solutions may be more desirable to states as they decide who will build their solution. CGI won the contract with the Department of Health and Human Services (HHS) in December 2012 and has won several contracts to assist states in building out their exchanges. There is an undeniable advantage in being familiar with how the federal system was created, especially since these systems will need to be interoperable with state-level systems to some degree.

FirstNet vendors stand to have more opportunities to bid on projects if more states opt out. The federal government will likely issue several RFPs, giving vendors many large-scale projects to win. However, if a number of states opt out and build a network independently, it would provide vendors even more projects to bid on and potentially win.

It is unclear what the value of the federal government contracts for FirstNet will be, but state projects are often more predictable in terms of cost based on size and existing infrastructure. Also, state projects may be ideal because state systems will have many years of maintenance requirements.

On the other hand, as with HIX contracts, winning a large federal contract can show states that a vendor has the ability to build out something on a large scale, which can improve their chances of

possibly winning a state contract. It is for this reason that going after federal business first might be a vendor's best bet, followed by state projects.

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