

GAO Highlights

Highlights of [GAO-16-73](#), a report to congressional requesters

Why GAO Did This Study

Due to changes in income and other factors, it is likely that under PPACA many low-income individuals will transition between Medicaid and subsidized exchange coverage. Federal regulations require that state Medicaid agencies and exchanges coordinate to facilitate these transitions, including transferring individuals' accounts to the appropriate form of coverage when eligibility changes occur. However, given the complexity of coordinating policies and procedures for both coverage types, challenges could arise during the transition process resulting in individuals experiencing coverage gaps or duplicate coverage. GAO was asked to review information related to transitions between Medicaid and exchange coverage.

In this report, among other objectives, GAO examines the extent to which the federal government had policies and procedures that minimize the potential for coverage gaps and duplicate coverage. GAO reviewed relevant federal regulations, guidance, FFE documentation, and federal internal controls standards, and interviewed CMS officials. GAO also collected information from eight states selected, among other factors, to include four FFE states.

What GAO Recommends

GAO recommends that CMS take three actions, including routinely monitoring the timeliness of account transfers from states, establishing a schedule for regular checks for duplicate coverage, and developing a plan to monitor the effectiveness of the checks. HHS concurred with GAO's recommendations.

View [GAO-16-73](#). For more information, contact Carolyn L. Yocom at (202) 512-7114 or yocomc@gao.gov or John E. Dicken at (202) 512-7114 or dickenj@gao.gov.

October 2015

MEDICAID AND INSURANCE EXCHANGES

Additional Federal Controls Needed to Minimize Potential for Gaps and Duplication in Coverage

What GAO Found

CMS's policies and procedures do not sufficiently minimize the potential for coverage gaps and duplicate coverage in federal exchange states. GAO found that individuals transitioning from Medicaid to exchange coverage—that is, private health insurance purchased through the exchanges created under the Patient Protection and Affordable Care Act (PPACA)—may experience coverage gaps, for example, if they lose Medicaid eligibility toward the end of a month. Individuals who experience coverage gaps may decide to forgo necessary care. In addition, GAO found that some individuals had duplicate coverage, that is, were enrolled in Medicaid while also receiving federal subsidies for exchange coverage. While some amount of duplicate coverage may be expected during the transition from exchange to Medicaid coverage and is permissible under federal law, GAO found that duplicate coverage was also occurring under other scenarios. Individuals may be held liable for repaying certain exchange subsidies received during the period of duplicate coverage. Further, the federal government could be paying twice, subsidizing exchange coverage and reimbursing states for Medicaid spending for those enrolled in both.

While the Centers for Medicare & Medicaid Services (CMS), the agency within the Department of Health and Human Services (HHS) that operates a federally facilitated exchange (FFE) in 34 states, has implemented policies and procedures that help minimize the potential for coverage gaps and duplicate coverage, GAO identified weaknesses in CMS's controls for FFE states based on federal internal control standards. Specifically:

- GAO found that CMS's controls do not provide reasonable assurance that accounts—that is, records—for individuals transitioning from Medicaid to exchange coverage in FFE states are transferred in near real time. CMS regulations require that such transfers occur promptly to facilitate eligibility determinations and enrollment. However, as of July 2015, CMS was not monitoring the timeliness of transfers. CMS officials told GAO that transfers are not happening in real time, but their understanding was that states typically send transfers at least daily. Officials from three of the four selected FFE states reported that account transfers were occurring at least daily; officials from the remaining state reported that transfers were sent to CMS three times per week. To the extent transfers are not happening in a timely fashion, individuals may be more likely to have gaps in coverage.
- GAO found weaknesses in CMS's controls for preventing, detecting, and resolving duplicate coverage in FFE states. For example, as of July 2015, CMS did not have procedures to detect cases of duplicate coverage. According to CMS officials, CMS planned to implement periodic checks for duplicate coverage beginning later that month. However, CMS had not yet determined the frequency of the checks, a key to their effectiveness. In addition, CMS had no specific plan for monitoring the effectiveness of the checks and other planned procedures, making it difficult for the agency to provide reasonable assurance that its procedures are sufficient or whether additional steps are needed to protect the federal government and individuals from duplicative and unnecessary expenditures.