PATIENT PROTECTION AND AFFORDABLE CARE ACT

Results of Undercover Enrollment Testing for the Federal Marketplace and a Selected State Marketplace for the 2016 Coverage Year

What GAO Found

The Patient Protection and Affordable Care Act (PPACA) requires health-insurance marketplaces to verify application information to determine eligibility for enrollment and, if applicable, determine eligibility for income-based subsidies. Verification steps include validating the applicant's Social Security number, if one is provided; citizenship or immigration status; and household income. PPACA requires the marketplaces to grant eligibility while identified inconsistencies between the information provided by the applicant and by government sources are being resolved. The 2016 coverage year was the first year in which a key eligibility requirement—verification of whether applicants who previously received one type of federal subsidy under the act filed federal tax returns, as a requirement to retain that benefit—went into effect.

As previously reported for the 2014 and 2015 coverage years, GAO’s undercover testing for the 2016 coverage year found that the health-care marketplaces’ eligibility determination and enrollment processes remain vulnerable to fraud. The marketplaces initially approved coverage and subsidies for GAO’s 15 fictitious applications. However, three applicants were unable to put their policies in force because their initial payments were not successfully processed. GAO focused its testing on the remaining 12 applications.

For four applications, to obtain 2016 subsidized coverage, GAO used identities from its 2014 testing that had previously obtained subsidized coverage. Although none of the fictitious applicants filed a 2014 tax return, all were approved for 2016 subsidies. Marketplace officials told GAO that they allowed applicants to attest to filing taxes if information from the Internal Revenue Service (IRS) indicated that the applicant did not file tax returns. Marketplace officials said one reason they allow attestations is a time lag between when tax returns are filed and when they are reflected in IRS’s systems. CMS officials said they are rechecking 2014 tax-filing status.

For eight applications, GAO used new fictitious identities to test verifications related to identity or citizenship/immigration status and, in each case, successfully obtained subsidized coverage.

When marketplaces directed 11 of the 12 applicants to provide supporting documents, GAO submitted fictitious documents as follows:

- For five applications, GAO provided all documentation requested and the applicants were able to retain coverage.
- For three applications, GAO provided only partial documentation and the applicants were able to retain coverage. Two of these applicants were able to clear inconsistencies through conversations with marketplace phone representatives even though the information provided over the phone did not match the fictitious documentation that GAO previously provided.
- For three applications, GAO did not provide any of the requested documents, and the marketplaces terminated coverage for one applicant but did not terminate coverage for the other two applicants.

According to officials from the Department of Health and Human Services’ (HHS) Centers for Medicaid & Medicare Services (CMS), some of GAO’s application outcomes could be explained by decisions to extend document filing deadlines.