

# GAO Highlights

Highlights of [GAO-13-601](#), a report to congressional requesters

## Why GAO Did This Study

The Patient Protection and Affordable Care Act required the establishment in all states of exchanges—marketplaces where eligible individuals can compare and select health insurance plans. CMS must oversee the establishment of exchanges, including approving states to operate one or establishing and operating one itself in states that will not do so. CMS will approve states to assist it in carrying out certain FFE functions. CMS will also operate an electronic data hub to provide eligibility information to the exchanges and state agencies. Enrollment begins on October 1, 2013, with coverage effective January 1, 2014. GAO was asked to examine CMS's role and preparedness to establish FFEs and the data hub. In this report, GAO describes (1) the federal government's role in establishing FFEs for operation in 2014 and state participation in that effort; and (2) the status of federal and state actions taken and planned for FFEs and the data hub.

GAO reviewed regulations and guidance issued by CMS and documents indicating the activities that the federal government and states are expected to carry out for these exchanges. GAO also reviewed planning documents CMS used to track the implementation of federal and state activities, including documents describing the development and implementation of the data hub. GAO also interviewed CMS officials responsible for establishment of the exchanges. GAO relied largely on documentation provided by CMS—including information CMS developed based on its contacts with the states—regarding the status of the exchanges and did not interview or collect information directly from states.

View [GAO-13-601](#). For more information, contact John Dicken at (202) 512-7114 or [dickenj@gao.gov](mailto:dickenj@gao.gov).

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## PATIENT PROTECTION AND AFFORDABLE CARE ACT

### Status of CMS Efforts to Establish Federally Facilitated Health Insurance Exchanges

## What GAO Found

The Centers for Medicare & Medicaid Services (CMS) will operate a health insurance exchange in the 34 states that will not operate a state-based exchange for 2014. Of these 34 federally facilitated exchanges (FFE), 15 are in states expected to assist CMS in carrying out certain FFE functions. However, the activities that CMS plans to carry out in these 15 exchanges, as well as in the state-based exchanges, have evolved and may continue to change. For example, CMS approved states' exchange arrangements on the condition that they ultimately complete activities necessary for exchange implementation. CMS indicated that it would carry out more exchange functions if any state did not adequately progress towards implementation of all required activities.

CMS completed many activities necessary to establish FFEs by October 1, 2013, although many remain to be completed and some were behind schedule. CMS issued numerous regulations and guidance and took steps to establish processes and data systems necessary to operate the exchanges. The activities remaining cross the core exchange functional areas of eligibility and enrollment, plan management, and consumer assistance. To support consumer-eligibility determinations, for example, CMS is developing a data hub that will provide electronic, near real-time access to federal data, as well as provide access to state and third party data sources needed to verify consumer-eligibility information. While CMS has met project schedules, several critical tasks, such as final testing with federal and state partners, remain to be completed. For plan management, CMS must review and certify the qualified health plans (QHP) that will be offered in the FFEs. Though the system used to submit applications for QHP certification was operational during the anticipated time frame, several key tasks regarding plan management, including certification of QHPs and inclusion of QHP information on the exchange websites, remain to be completed. In the case of consumer assistance, for example, funding awards for Navigators—a key consumer assistance program—have been delayed by about 2 months, which has delayed training and other activities. CMS is also depending on the states to implement specific FFE exchange functions, and CMS data show that many state activities remained to be completed and some were behind schedule.

Much progress has been made, but much remains to be accomplished within a relatively short amount of time. CMS's timelines provide a roadmap to completion; however, factors such as the still-evolving scope of CMS's required activities in each state and the many activities yet to be performed—some close to the start of enrollment—suggest a potential for challenges going forward. And while the missed interim deadlines may not affect implementation, additional missed deadlines closer to the start of enrollment could do so. CMS recently completed risk assessments and plans for mitigating risks associated with the data hub, and is also working on strategies to address state preparedness contingencies. Whether these efforts will assure the timely and smooth implementation of the exchanges by October 2013 cannot yet be determined.

In commenting on a draft of this report, the Department of Health and Human Services emphasized the progress it has made in establishing exchanges, and expressed its confidence that exchanges will be open and functioning in every state by October 1, 2013.