

GAO Highlights

Highlights of [GAO-14-705T](#), a testimony before the Subcommittee on Oversight, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

PPACA provides for the establishment of health insurance exchanges, or marketplaces, where consumers can compare and select private health insurance plans. The act also expands the availability of subsidized health care coverage. The Congressional Budget Office estimates the net federal cost of coverage provisions at \$36 billion for fiscal year 2014, with subsidies and related spending accounting for a large portion. PPACA requires marketplaces to verify application information to determine enrollment eligibility and, if applicable, eligibility for subsidies.

GAO was asked to examine issues related to controls for application and enrollment for coverage through the federal marketplace. This testimony discusses preliminary observations on (1) results of undercover testing in which we obtained health care coverage; (2) additional undercover testing, in which we sought to obtain consumer assistance with our applications; and (3) delays in the development of a system needed to analyze enrollment.

This statement is based on preliminary analysis from GAO's ongoing review for this subcommittee and other congressional requesters. GAO created fictitious identities to make applications through the federally facilitated exchange in several states by telephone, online, and in-person. The number and locations of the target areas are not disclosed because of ongoing testing. The results, while illustrative, cannot be generalized to the overall applicant or enrollment populations. GAO expects to issue a final report next year.

View [GAO-14-705T](#). For more information, contact Seto Bagdoyan at (202) 512-6722 or BagdoyanS@gao.gov.

July 2014

PATIENT PROTECTION AND AFFORDABLE CARE ACT

Preliminary Results of Undercover Testing of Enrollment Controls for Health Care Coverage and Consumer Subsidies Provided Under the Act

What GAO Found

Centers for Medicare & Medicaid Services (CMS) officials told us they have internal controls for health care coverage eligibility determinations. GAO's undercover testing addressed processes for identity- and income-verification, with preliminary results revealing questions as follows:

- For 12 applicant scenarios, GAO tested "front-end" controls for verifying an applicant's identity or citizenship/immigration status. Marketplace applications require attestations that information provided is neither false nor untrue. In its applications, GAO also stated income at a level to qualify for income-based subsidies to offset premium costs and reduce cost sharing. For 11 of these 12 applications, which were made by phone and online using fictitious identities, GAO obtained subsidized coverage. For one application, the marketplace denied coverage because GAO's fictitious applicant did not provide a Social Security number as part of the test.
- The Patient Protection and Affordable Care Act (PPACA) requires the marketplace to provide eligibility while identified inconsistencies between information provided by the applicant and by government sources are being resolved through submission of supplementary documentation from the applicant. For its 11 approved applications, GAO was directed to submit supporting documents, such as proof of income or citizenship; but, GAO found the document submission and review process to be inconsistent among these applications. As of July 2014, GAO had received notification that portions of the fake documentation sent for two enrollees had been verified. According to CMS, its document processing contractor is not required to authenticate documentation; the contractor told us it does not seek to detect fraud and accepts documents as authentic unless there are obvious alterations. As of July 2014, GAO continues to receive subsidized coverage for the 11 applications, including 3 applications where GAO did not provide any requested supporting documents.
- For 6 applicant scenarios, GAO sought to test the extent to which, if any, in-person assisters would encourage applicants to misstate income in order to qualify for income-based subsidies. However, GAO was unable to obtain in-person assistance in 5 of the 6 initial undercover attempts. For example, one in-person assister initially said that he provides assistance only after people already have an application in progress. The in-person assister was not able to assist us because HealthCare.gov website was down and did not respond to follow-up phone calls. One in-person assister correctly advised the GAO undercover investigator that the stated income would not qualify for subsidy.

A key factor in analyzing enrollment is to identify approved applicants who put their policies in force by paying premiums. However, CMS officials stated that they do not yet have the electronic capability to identify such enrollees. As a result, CMS must rely on health insurance issuers to self-report enrollment data used to determine how much CMS owes the issuers for the income-based subsidies. Work is underway to implement such a system, according to CMS, but the agency does not have a timeline for completing and deploying it. GAO is continuing to look at these issues and will consider recommendations to address them.