

# GAO Highlights

Highlights of [GAO-16-159T](#), a testimony before the Subcommittee on Health, Committee on Energy and Commerce, House of Representatives

## Why GAO Did This Study

PPACA provides for the establishment of health-insurance marketplaces where consumers can, among other things, select private health-insurance plans or apply for Medicaid. The Congressional Budget Office estimates the cost of subsidies and related spending under PPACA at \$60 billion for fiscal year 2016. PPACA requires verification of applicant information to determine enrollment or subsidy eligibility. In addition, PPACA provided for the expansion of the Medicaid program. GAO was asked to examine application and enrollment controls for the marketplaces and Medicaid.

This testimony provides preliminary results of undercover testing of the federal and selected state marketplaces during the 2015 open-enrollment period, for both private health-care plans and Medicaid. GAO submitted, or attempted to submit, 18 fictitious applications by telephone and online, 10 of which tested controls related to obtaining subsidized health-plan coverage available through the federal Marketplace in New Jersey and North Dakota, and through state marketplaces in California and Kentucky. GAO chose these four states based partly on a range of population sizes and whether the state had expanded Medicaid eligibility under terms of the act. The other 8 applications, among the 18 GAO made, tested marketplace and state controls under the marketplace system for determining Medicaid eligibility in these four states. The undercover results, while illustrative, cannot be generalized to the full population of enrollees. GAO discussed the results of its testing with CMS and state officials to obtain their perspectives.

View [GAO-16-159T](#). For more information, contact Seto Bagdoyan at (202) 512-6722 or [BagdoyanS@gao.gov](mailto:BagdoyanS@gao.gov).

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## PATIENT PROTECTION AND AFFORDABLE CARE ACT

### Preliminary Results of Undercover Testing of the Federal Marketplace and Selected State Marketplaces for Coverage Year 2015

## What GAO Found

Under the Patient Protection and Affordable Care Act (PPACA), health-insurance marketplaces are required to verify application information to determine eligibility for enrollment and, if applicable, determine eligibility for income-based subsidies or Medicaid. These verification steps include reviewing and validating information about an applicant's Social Security number, if one is provided; citizenship, status as a national or lawful presence; and household income and family size.

For 10 fictitious applicants, GAO tested application and enrollment controls for obtaining subsidized health plans available through the federal Health Insurance Marketplace (Marketplace) (for New Jersey and North Dakota) and two selected state marketplaces (California and Kentucky). Although 8 of these 10 fictitious applications failed the initial identity-checking process, all 10 were subsequently approved by the federal Marketplace or the selected state marketplaces. Four applications used Social Security numbers that, according to the Social Security Administration (SSA), have never been issued, such as numbers starting with "000." Other applicants had duplicate enrollment or claimed their employer did not provide insurance that meets minimum essential coverage.

For 8 additional fictitious applicants, GAO tested enrollment into Medicaid through the same federal Marketplace and the two selected state marketplaces, and was able to obtain either Medicaid or alternative subsidized coverage for 7 of the 8 applicants. Specifically:

- Three were approved for Medicaid, which was the health-care program for which GAO originally sought approval. In each case, GAO provided identity information that would not have matched SSA records. For two applications, the marketplace directed the fictitious applicants to submit supporting documents, which GAO did (such as a fake immigration card), and the applications were approved. For the third, the marketplace did not seek supporting documentation, and the application was approved by phone.
- For four, GAO did not obtain approval for Medicaid; however, GAO was subsequently able to gain approval of subsidized health plans based on the inability to obtain Medicaid coverage. In 1 case, GAO falsely claimed that it was denied Medicaid in order to obtain the subsidized health plan when in fact no Medicaid determination had been made by the state at that time.
- For one, GAO was unable to enroll into Medicaid, in California, because GAO declined to provide a Social Security number. According to California officials, the state marketplace requires a Social Security number or taxpayer-identification number to process applications.

According to officials from the Centers for Medicaid & Medicare Services (CMS), California, Kentucky, and North Dakota, the marketplaces and Medicaid offices only inspect for supporting documentation that has obviously been altered. Thus, if the documentation submitted does not show such signs, it would not be questioned for authenticity. GAO's work is continuing, and GAO plans to issue a final report at a later date.