

GAO Highlights

Highlights of [GAO-17-694](#), a report to congressional requesters

Why GAO Did This Study

PPACA offers subsidized health-care coverage for qualifying applicants, and states may elect to operate their own health-care marketplaces to assist consumers in comparing and selecting insurance plans offered by private issuers. In plan year 2015, 14 states, including the District of Columbia, operated their own marketplaces and determined eligibility and enrollment. CMS is responsible for oversight of these marketplaces. GAO was asked to examine PPACA enrollment controls for state-based marketplaces. This report, for plan year 2015, (1) identifies key processes used by selected state-based marketplaces to verify applicants' eligibility for subsidized qualified health plans, and how CMS oversaw such efforts; and (2) assesses the extent to which applicant eligibility and enrollment data from selected states show indications of potentially improper or fraudulent enrollments in subsidized qualified health plans.

GAO selected three state-based marketplaces for review—Idaho, Maryland, and Rhode Island—based on factors such as geographic distribution and enrollment size. GAO reviewed relevant documentation and interviewed CMS and state officials. GAO analyzed the selected state-based marketplaces' eligibility and enrollment data for plan year 2015 and matched these data to external data sources to identify indications of potentially improper or fraudulent enrollments, and reviewed an illustrative selection of applicants' information. The results are not generalizable to other marketplaces. GAO is not making any recommendations.

View [GAO-17-694](#). For more information, contact Seto Bagdoyan at (202) 512-6722 or bagdoyans@gao.gov.

September 2017

STATE HEALTH-INSURANCE MARKETPLACES

Three States Used Varied Data Sources for Eligibility and Had Few Indications of Potentially Improper Enrollments

What GAO Found

For plan year 2015, GAO reviewed three selected state-based marketplaces' key processes to verify applicant eligibility for subsidized coverage and found that they used various data sources. Under the Patient Protection and Affordable Care Act (PPACA), marketplaces are required to verify applicant eligibility using data sources and methods approved by the Department of Health and Human Services (HHS). Applicant information that must be verified or validated to receive subsidized coverage includes Social Security number (SSN), citizenship or lawful presence, and income. To accomplish this verification, the selected state-based marketplaces relied on various federal data sources, including sources accessed via the federal data services hub (data hub). They also used state data sources, some of which may have been more current than the data hub sources. For example, all three selected state-based marketplaces supplemented federal tax income information accessed through the data hub, which can be up to 2 years old, with more-current state wage information to verify income. HHS's Centers for Medicare & Medicaid Services (CMS) oversaw the state-based marketplaces' verification procedures by conducting annual reviews, collecting enrollment metrics, and engaging in regular communication in plan year 2015.

For the three selected states, GAO found few indications of potentially improper or fraudulent enrollments for plan year 2015 in the verification processes reviewed, but did identify data-quality issues, such as data-entry errors or name changes.

- About 2,000 of approximately 210,000 applicants (about 1 percent) had SSNs, names, or dates of birth that did not match the Social Security Administration's records. State officials cited inherent challenges with verifying SSN information, such as name changes. GAO also found instances in which SSNs contained likely data-entry errors.
- Twenty-one of approximately 210,000 applicants (about 0.01 percent) were reportedly deceased prior to starting coverage. The majority of these applicants died after their application was submitted, but prior to starting coverage.
- About 3,000 of approximately 123,000 applicants in two states (about 2 percent) did not resolve immigration-related inconsistencies. Inconsistencies occur when an applicant's information does not match information contained in the data source used to verify the information. The two states had manual inconsistency-resolution processes for plan year 2015 and may not have terminated coverage for these applicants in a timely manner. Officials from both states said they have since implemented or plan to implement changes to automatically close expired inconsistencies and terminate coverage, as appropriate.