

GAO Highlights

Highlights of [GAO-18-269](#), a report to congressional requesters

Why GAO Did This Study

CMS has noted that it is important for enrollees to maintain continuous health insurance coverage to ensure the stability of the FFE. Certain rules allow for enrollment flexibilities—such as special enrollment periods and a 3-month grace period that is allowed before coverage is terminated for recipients of federal income-based subsidies who default on their premiums. However, some issuers have stated that these rules could be misused, resulting in non-continuous coverage. There are little data on the extent to which enrollees maintain continuous coverage during a year and, more specifically, on the extent to which coverage is terminated for nonpayment of premiums.

GAO examined (1) the extent to which FFE enrollees maintained coverage in 2015 and (2) the extent to which CMS has reliable data on termination of enrollees' coverage for nonpayment of premiums. GAO analyzed CMS's 2015 FFE enrollment data (the most recent year of available data); interviewed CMS officials and selected issuers; and reviewed applicable laws and guidance from CMS.

What GAO Recommends

GAO recommends that CMS ensures it has (1) complete data on terminations of coverage for nonpayment of premiums; and (2) a transparent process to reconcile discrepancies and ensure the accuracy of these data. The Department of Health and Human Services concurred with both recommendations.

View [GAO-18-269](#). For more information, contact John E. Dicken at (202) 512-7114 or dickenj@gao.gov.

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FEDERAL HEALTH INSURANCE EXCHANGE

CMS Needs to Ensure Complete, Accurate Data on Terminations of Coverage for Nonpayment of Premiums

What GAO Found

In 2015, 9.2 million individuals enrolled in the federal health insurance exchange in 37 states. Eligible individuals (e.g., U.S. citizens or those lawfully present in the United States) are able to enroll in health coverage during the annual open enrollment period. Outside of open enrollment, eligible individuals may enroll in coverage or change their coverage selection during special enrollment periods. Individuals may enroll under a special enrollment period if, for example, they lost their coverage from another source, such as Medicaid or an employer, or due to relocation. Under federal regulations, enrollees may not sign up for coverage under a special enrollment period citing loss of coverage if the coverage was lost due to nonpayment of premiums.

About half (53 percent) of the 2015 federally facilitated exchange (FFE) enrollees maintained continuous health insurance coverage throughout the year—that is, they began coverage between January 1 and March 1, 2015, and maintained it through December 31, 2015. These individuals had an average of 11.6 months of coverage. The remaining 47 percent of FFE enrollees started their coverage later or ended it during the year; they averaged 5.0 months of coverage. Enrollees could have voluntarily ended coverage—due to gaining other coverage, for example—or have had it terminated by the Centers for Medicare & Medicaid Services (CMS) or the issuers of coverage for valid reasons, including losing eligibility for exchange coverage or for nonpayment of premiums.

CMS does not have reliable data on issuer-generated terminations of coverage for enrollees' nonpayment of premiums. Although CMS and issuers share data on the terminations each generates and reconcile their data on a monthly basis to ensure data accuracy, the agency does not require issuers to consistently report data on the reasons for terminations. Officials told us they do not track these data because they are not critical to ensure the accuracy of the federal subsidy amounts—which is the main function of the monthly reconciliation process. Further, CMS lacks a transparent process to ensure the accuracy of these data, as the monthly reconciliation files transmitted between CMS and issuers do not include a place to capture data on termination reasons. Issuers said that they are therefore unable to ascertain whether data they provide on the reasons for termination match CMS's data, and thus they cannot make corrections where necessary.

The agency's lack of reliable data on terminations for nonpayment limits its ability to effectively oversee certain federal regulations. For example, because CMS is not systematically tracking these data, it cannot tell whether enrollees applying for coverage under a special enrollment period had lost their coverage for nonpayment of premiums—in which case they would be ineligible for the special enrollment period per federal regulations. CMS could capitalize on its existing process, already familiar to issuers, by adding a variable that captures data on termination reasons to the monthly reconciliation file. By taking this step, in addition to requiring issuers to report these data, CMS could help ensure it has reliable and transparent data on terminations of enrollee coverage for nonpayment of premiums, and it could use these data to assess the effects of CMS policies and the overall stability of the exchange.