

Report in Brief

Date: February 2020

Report No. A-09-18-01000

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

Under the Affordable Care Act, the Centers for Medicare & Medicaid Services (CMS) operates the federally facilitated marketplace (Federal marketplace) in States that chose not to operate their own marketplaces. Prior OIG audits of the Federal marketplace covering the 2014 coverage year determined that not all of the marketplace's internal controls were effective in ensuring that individuals were properly determined eligible for qualified health plans (QHPs) and insurance affordability programs. Further, since 2014, additional eligibility verification requirements have become effective. The results of our prior audits and these additional requirements led us to review the marketplace's eligibility determinations for the 2018 coverage year.

Our objective was to determine whether the Federal marketplace determined individuals' eligibility for enrollment in QHPs and for insurance affordability programs in accordance with Federal requirements.

How OIG Did This Audit

We reviewed a sample of 110 of 7.5 million individuals whom the Federal marketplace determined eligible for enrollment in QHPs and for insurance affordability programs during the open enrollment period (November 1 through December 15, 2017) for the 2018 coverage year. We reviewed supporting documentation related to the eligibility determinations.

The Federal Marketplace Properly Determined Individuals' Eligibility for Enrollment in Qualified Health Plans but Improperly Determined That an Estimated 3 Percent of Individuals Were Eligible for Insurance Affordability Programs

What OIG Found

For our sample of 110 individuals, the Federal marketplace properly determined that all 110 individuals were eligible for enrollment in QHPs and that 102 individuals were eligible for insurance affordability programs. However, for the remaining eight individuals, the marketplace improperly determined that three individuals were eligible for insurance affordability programs and may have improperly determined that five individuals were eligible for those programs.

On the basis of our sample results, for the 2018 coverage year, we estimated that the Federal marketplace (1) improperly determined that 191,896 (3 percent) of the 7.5 million individuals were eligible for insurance affordability programs and (2) may have improperly determined that 402,207 individuals (5 percent) of the 7.5 million were eligible for those programs. These individuals elected to receive an estimated \$40.8 million and \$180.1 million, respectively, in monthly advance premium tax credit payments when they were determined eligible. We also identified a weakness in the Federal marketplace's procedures related to determining eligibility for insurance affordability programs. This audit covering the marketplace's fifth year of operation did not identify any deficiencies similar to those we previously identified during our audits covering its first year of operation, except for a deficiency related to resolving income inconsistencies.

What OIG Recommends and CMS Comments

We recommend that CMS redetermine, if necessary, the eligibility of the sampled individuals and take steps to ensure that the Federal marketplace (1) revises its written guidance and establishes new guidance and (2) corrects errors and implements a change in its eligibility and enrollment system. We also made two recommendations related to a weakness in the procedures for determining eligibility for insurance affordability programs. (The full text of our nine specific recommendations is shown in the report.)

CMS concurred with six of our nine recommendations but did not concur with the remaining three recommendations. After reviewing CMS's comments, we maintain that our recommendations are valid.