

Appendix A

Affordable Care Act Reviews

OIG is focused on promoting the economy, efficiency, and effectiveness of ACA¹ programs across HHS. The ACA vested in the Department substantial responsibilities for increasing access to health insurance for those who are eligible for coverage, improving access to and the quality of health care, and lowering health care costs and increasing value for taxpayers and patients. OIG's ongoing and planned reviews for FY 2015 will assess the Department's implementation and operation of ACA programs and progress toward achieving program goals. To this end, we are prioritizing work in three main areas: the health insurance marketplaces, including financial assistance payments; Medicare and Medicaid reforms; and grant expenditures for public health programs.

OIG has initiated five additional reviews addressing ACA programs since October 2014 and continues to plan additional oversight work to initiate in FY 2015 focusing on key areas, such as emerging marketplace issues, Medicaid expansion and services, Medicare payment and delivery reform, program integrity, and public health program reform. OIG experts dedicated to ACA work planning employ a dynamic and flexible planning process that incorporates continuous risk assessment and stakeholder input, among other factors, to identify the most critical areas for additional reviews and the most appropriate methodologies to deliver timely and relevant results. As appropriate, we will work with other Federal and State oversight agencies to address emerging vulnerabilities. For example, we are working jointly with the Treasury Inspector General for Tax Administration (TIGTA) on work examining controls and processes for the Advance Premium Tax Credit (APTC) and Premium Tax Credit programs.

Acronyms and Abbreviations for Selected Terms:

APTC— Advance Premium Tax Credit

CMS—Centers for Medicare & Medicaid Services

CO-OP—Consumer Operated and Oriented Plan

CSR—Cost Sharing Reduction

FFM—Federally Facilitated Marketplace

HRSA—Health Services and Resources Administration

TIGTA—Treasury Inspector General for Tax Administration

Health Insurance Marketplaces, Financial Assistance Payments, and Market Stabilization Payments

OIG's FY 2015 oversight strategy for the marketplaces and related programs continues our focus on proper expenditure of taxpayer funds and the efficient and effective operation of the marketplaces. To this end, in FY 2015 we will continue to address key risks in the areas of payments, eligibility and enrollment, management and administration of marketplace programs, and security of information technology and consumer information. Many reviews will address questions in multiple areas.

¹ ACA, as amended by the Health Care and Education Reconciliation Act of 2010 (P.L. 111-148).

Payments—Are taxpayer funds being expended correctly for their intended purposes?

Ongoing and planned FY 2015 work looking at expenditures of taxpayer funds includes:

➤ **Accuracy of aggregate payments to qualified health plan issuers for advance premium tax credits and cost sharing reductions and effectiveness of related internal controls**

ACA, §§ 1401, 1402, 1411, and 1412. We will determine the accuracy of aggregate financial assistance payments – Advance Premium Tax Credit (APTC) and Cost Sharing Reduction (CSR) – made to qualified health plan issuers, and assess the related internal controls governing how those financial assistance amounts are calculated in accordance with Federal requirements. Payment amounts vary according to income, marital status, household composition, and eligibility for Government-sponsored or employer-sponsored health care coverage. This work will focus on the systems managed by HHS to make these payments. Under the system, CMS makes financial assistance payments to issuers on the basis of aggregate enrollee information for each qualified health plan. (OAS; W-00-14-59018; various reviews; expected issue date: FY 2015)

➤ **Accuracy of financial assistance payments for individual enrollees**

ACA, §§ 1401, 1402, 1411, and 1412. We will determine whether CMS's internal controls were effective in ensuring the accuracy of financial assistance payments—APTC and Cost Sharing Reductions—for individual enrollees. Payment amounts vary according to income and family size. For enrollees who receive APTC but do not pay their portion of the premium for 3 consecutive months, qualified health plan (QHP) issuers are responsible for terminating coverage, returning APTC payments, and reporting this information to CMS. As part of our audit, we will verify that any overpayments made for individual enrollees have been returned in accordance with regulations. (OAS; W-00-15-59048; various reviews; expected issue date: FY 2015)

➤ **CMS's internal controls over Advance Premium Tax Credit obligations and payments Under the Affordable Care Act**

ACA, §§ 1401, 1402, 1411, and 1412. We will determine whether CMS has established adequate accountability and internal controls for generating, reviewing, and approving advance premium tax credit payments. We will assess CMS's process for obtaining premium tax credit information from issuers and subsequent processes for providing payment data to the Department of the Treasury. We will also assess the coordination processes between CMS and the Internal Revenue Service (IRS) to ensure that Advance Premium Tax Credits are accurate and are made to eligible policyholders. This review is part of a joint project with TIGTA. (OAS; W-00-15-59045; various reviews; expected issue date: FY 2015)

➤ **Review of Affordable Care Act establishment grants for State marketplaces**

ACA, § 1311. We will determine whether seven States complied with Federal requirements related to the development and implementation of a State marketplace in accordance with the terms and conditions of Federal cooperative agreements. The ACA authorized funding to States that elected to establish their own marketplaces. Several of these States encountered significant problems in the

launching of their marketplaces. As part of the review, we will assess whether Federal funds were used as intended and whether the State agencies' procurement process and internal controls for monitoring and oversight were effective. We will also review policies and procedures issued by CMS to State agencies relating to establishment grants for marketplaces. (OAS; W-00-14-59034; various reviews; expected issue date: FY 2015)

➤ **Payments to Federally Facilitated Marketplace contractors**

This review will examine HHS payments to contractors for work on the Federally Facilitated Marketplace (FFM). We plan to address key questions, including whether performance-based contracting was used to determine payments to contractors, whether contractors received incentive payments, whether contractor invoices met requirements, and whether contractors were paid appropriately. (OAS; W-00-14-59030; A-03-14-03002; expected issue date: FY 2015).

➤ **Consumer Operated and Oriented Plan Loan Program—Enrollment and profitability projections**

ACA, § 1322. In FY 2014, OIG issued one report that examined the selection process for Consumer Operated and Oriented Plan (CO-OP) loans and identified factors that could affect the CO-OP loan program, including startup funding levels. Our new work will determine whether CO-OP enrollment and profitability met initial program projections as of December 31, 2014. (OAS; W-00-14-59019; various reviews, expected issue date: FY 2015)

➤ **Review of grant awards to navigators in federally facilitated or State partnership marketplaces**

ACA, § 1311. We will determine whether navigators in the FFM or State partnership marketplaces met the required qualifications and costs allowable under the terms of the grants and applicable Federal regulations. Under the ACA, marketplaces are to establish a program under which they award grants to entities that facilitate education about and enrollment in qualified health plans. These organizations are known as navigators. As part of our review, we will determine whether navigators completed the required training, criminal background checks, and State training and registration before assisting consumers. We will also review costs claimed to determine whether they were allowable and were claimed in accordance with the terms of the grant awards and Federal regulations. (OAS; W-00-15-59047; various reviews; expected issue date: FY 2015)

➤ **NEW Review of funding to establish the Federally Facilitated Marketplace**

We will identify the source and amount of funding used to establish the FFM. We will determine whether the Department had overall visibility and accountability for funds used by CMS for the FFM; whether there were appropriate budgeting and management of these funds; how funds were tracked by the Department and CMS; and whether the funds were used in accordance with appropriation law in regard to purpose, time, and amount (31 U.S.C. § 1502 and 31 U.S.C § 1341(a)(1)). In addition, we will determine whether amount that the Department and CMS identified as FFM funding -was accurate and complete. (OAS; W-00-15-55000; expected issue date: FY 2016)

Eligibility—Are the right people getting the right benefits?

OIG's FY 2015 work reviewing the effectiveness and efficiency of marketplace eligibility and enrollment systems includes:

➤ Review of Affordable Care Act enrollment safeguards at additional State marketplaces

ACA, § 1411. In FY 2014, OIG issued two reports that identified vulnerabilities in eligibility and enrollment systems at the FFM and State-based marketplaces. Our new work will assess the effectiveness of internal controls in place at seven State-based marketplaces to ensure that accurate information is used to determine consumer eligibility for enrollment and financial assistance payments. We will determine whether internal controls implemented by the selected marketplaces were effective in ensuring that individuals were enrolled in a QHP in accordance with Federal requirements. Using a statistically valid sample of applicants, we will review whether each marketplace has performed the required verifications to determine eligibility for enrollment in a QHP and has appropriately resolved inconsistencies between applicant information and data sources used for verification. (OAS; W-00-14-42024; various reviews; expected issue date: FY 2015)

➤ Review of the Federally Facilitated Marketplace's eligibility verifications for Premium Tax Credits

ACA, §§ 1411 and 1412. We will assess whether the FFM's internal controls were effective in ensuring that individuals were eligible for the Premium Tax Credit in accordance with Federal regulations. The FFM is required to verify an applicant's information, including household income, to determine his or her eligibility for Premium Tax Credit. Using a statistically valid sample of applicants, we will review whether the FFM performed the required verifications when determining applicants' eligibility for Premium Tax Credits and resolved inconsistencies between applicant information and data sources used for verification. We will examine the FFM's procedures for verifying an applicant's information, which includes household income, using data provided to the FFM by the IRS and other sources. This work is planned to supplement a prior OIG review related to enrollment safeguards mandated by the Continuing Appropriations Act (CAA), 2014, § 1001(c). We are working, in consultation with IRS, to develop similar reviews at State marketplaces. (OAS; W-00-15-59046; various reviews; expected issue date: FY 2015)

➤ Inconsistencies in the Federally Facilitated Marketplace applicant data

We will determine the extent to which CMS was able to resolve inconsistencies between applicant self-attested information and data received through Federal and other data sources that occurred in the 2013-2014 open enrollment period of the FFM. We will also assess the extent to which CMS's new processes are resolving inconsistencies between applicant information and data sources used for verification. We will update this analysis of the FFM for the 2014-2015 open enrollment period. Previous OIG work found that the FFM was unable to resolve 2.6 million out of 2.9 million inconsistencies because CMS's eligibility system was not fully operational. (OEI; 01-14-00620, expected issue date: FY 2016)

Additional work examining Medicaid eligibility systems is described in the "Medicaid Reviews" section below.

Management and Administration—Is the Department managing and administering marketplace programs effectively and efficiently?

OIG's work in this area includes:

➤ Implementation of the Federally Facilitated Marketplace

We will review HHS's overall efforts in implementing the FFM. We will conduct document reviews and interviews to assess strengths and weaknesses found with CMS management and its use of contractors. The difficulties encountered during the launch of the FFM on October 1, 2013, raised serious concerns about the planning, management, and oversight of the FFM project. Our review will include an assessment of management and operational changes made after the launch and CMS implementation of the second open enrollment period, which began November 15, 2014. (OEI; 06-14-00350; expected issue date: FY 2015)

➤ Oversight of Federally Facilitated Marketplace contractors

This review will examine whether HHS exercised appropriate and adequate oversight and direction over contracts related to the FFM (including mechanisms that HHS and its contractors used to communicate problems or concerns about the FFM); whether HHS complied with oversight and monitoring requirements required by Federal and HHS regulations; and whether contractors individually and as a whole met requirements of their contracts, the acquisition plan, and the ACA. (OAS; W-00-14-59032; A-03-14-03001; expected issue date: FY 2015)

Security—Is consumers' personal information safe?

Reviews underway to address security in the Marketplaces include:

➤ CMS's implementation of security controls over consumer information obtained in the Federally Facilitated Marketplace

We previously conducted a review of information system security of HealthCare.gov. In this review, we will determine whether information security controls for the systems outside the FFM containing and storing consumer information have been implemented in accordance with Federal requirements and recognized industry best practices. We may conduct vulnerability scans, when feasible, using automated tools that seek to identify known security vulnerabilities and discover possible methods of attack that can lead to unauthorized access or the exfiltration of data. We will also review any reports related to prior vulnerability assessments and determine whether the vulnerabilities identified were remediated in a timely manner. (OAS; W-00-14-42023; expected issue date: FY 2015)

➤ State-based marketplaces information system security controls

We previously conducted reviews of information system security at two State-based marketplaces. We will determine whether information security controls for additional State-based marketplaces have been implemented in accordance with Federal requirements and recognized industry best practices. We will conduct vulnerability scans of Web-based systems using automated tools that seek to identify known security vulnerabilities and discover possible methods of attack that can lead to unauthorized access or the exfiltration of data. We will also review any reports related to prior

vulnerability assessments of State-based marketplace systems and determine whether the vulnerabilities identified were remediated in a timely manner. (OAS; W-00-15-42025; various reviews; expected issue date: FY 2015)

Also, in coordination with other law enforcement partners, OIG is monitoring for reports of cybersecurity threats and consumer fraud. OIG has promoted, and will continue to promote, consumer awareness and prevention of fraud in the marketplaces, including, for example, identity theft, imposter marketers, and fake Web sites. Additional information about consumer protection can be found at: <http://oig.hhs.gov/fraud/consumer-alerts/index.asp>.

Medicaid and Medicare Reforms

Medicaid Reviews

The Medicaid section of the *Work Plan* describes the range of FY 2015 reviews planned and those in progress to promote the effectiveness and efficiency of the growing Medicaid program. Focus areas include prescription drugs; billing, payment, reimbursement, quality, and safety of home health services, community-based care, and other services, equipment, and supplies; State management of Medicaid, information system controls and security; and Medicaid managed care.

Reviews related directly to specific ACA provisions include the following (these reviews are described more fully in the “Medicaid” section of the *Work Plan*):

- **Enhanced Federal Medical Assistance Percentage**
ACA, § 2001. (OAS; W-00-14-31480; various reviews; expected issue date: FY 2015) *Work Plan* page 32.
- **Medicaid eligibility determinations in selected States**
ACA, § 2001. (OAS; W-00-14-31140; W-00-15-31140; OEI; 06-14-00330; various reviews; expected issue date: FY 2016) *Work Plan* page 32.
- **Community First Choice State plan option under the Affordable Care Act**
ACA, § 2401. (OAS; W-00-15-00000; A-02-15-00000; expected issue date: FY 2016) *Work Plan* page 30.
- **States’ experiences with enhanced provider screening**
ACA § 6402. (OEI; 05-13-00520; expected issue date: FY 2015) *Work Plan* page 34.
- **Provider payment suspensions during pending investigations of credible fraud allegations**
ACA, § 6402(h)(2). (OAS; W-00-14-31473; various reviews; expected issue date: FY 2015; OEI; 09-14-00020; expected issue date: FY 2015) *Work Plan* page 35.

- **State terminations of providers terminated by Medicare or by other States**
ACA, § 6501. (OEI; 06-12-00030; expected issue date: FY 2015) *Work Plan* page 34.
- **State reporting of managed care encounter data**
ACA, § 6504. (OEI; 07-13-00120; expected issue date: FY 2015) *Work Plan* page 38.
- **National Correct Coding Initiative edits and CMS oversight**
ACA, § 6507. (OAS; W-00-15-31459; various reviews; expected issue date: FY 2015; OEI; 00-00-0000; expected issue date: FY 2015) *Work Plan* page 36.
- **Payments to States under the Balancing Incentive Program**
ACA, § 10202. (OAS; W-00-15-31482; various reviews; expected issue date: FY 2016) *Work Plan* page 30.
- **States' collection of rebates for drugs dispensed to Medicaid managed care organization enrollees**
ACA, § 2501(c). (OAS; W-00-14-31483; W-00-15-31483; various reviews; expected issue date: FY 2015) *Work Plan* page 26.
- **Health-care-acquired conditions—Prohibition on Federal reimbursements**
ACA, § 2702. (OAS; W-00-14-31452; various reviews; expected issue date: FY 2015) *Work Plan* page 29.
- **NEW Manufacturer rebates – Federal share of rebates Affordable Care Act**
ACA § 2501 (OAS; W-00-15-31450; various reviews; expected issue dates: FY 2016) *Work Plan* page 26.

Medicare Reviews

The ACA introduced changes to the Medicare program designed to improve efficiency and quality of care and promote program integrity and transparency. The Medicare sections of the FY 2015 *Work Plan* describe OIG's ongoing and planned reviews of all parts of the Medicare program. Much of this work will provide data and information on cost, quality, and delivery of Medicare services that can aid the Department as it develops new, value-driven payment and delivery models for the Medicare program, including those being implemented pursuant to the ACA.

The following reviews address specific ACA provisions related to the Medicare program and are described in more detail in the Medicare sections of the *Work Plan*:

- **Quality of sponsor data used in calculating coverage-gap discounts**
ACA, § 3301. (OAS; W-00-14-35611; various reviews; expected issue date: FY 2015) *Work Plan* page 24.

- **Ensuring dual eligibles' access to drugs under Part D**
ACA, § 3313. (OEI; 00-00-00000; expected issue date: FY 2015) *Work Plan* page 23.
- **Program for national background checks for long-term-care employees**
ACA, § 6201. (OEI; 07-10-00420; expected issue date: FY 2017) *Work Plan* page 7.
- **Enhanced enrollment screening process for Medicare providers**
ACA, § 6401. (OEI; 03-13-00050; expected issue date: FY 2015) *Work Plan* page 20.
- **Risk Assessment of CMS's administration of the Pioneer Accountable Care Organization Model**
ACA, § 3021. (OAS; W-00-00-00000; expected issue date: FY 2015) *Work Plan* page 20.
- **NEW Use of electronic health records to support care coordination through ACOs**
ACA, § 3022. (OEI; 00-00-00000; expected issue date: FY 2016) *Work Plan* page 20.
- **NEW Review of financial interests reported under the Open Payments Program**
ACA, § 6002. (OEI; 03-15-00220; expected issue date: FY 2016) *Work Plan* page 59.

Other Programs

OIG work in this area includes:

- **Grantees' Use of Prevention and Public Health Funds**
ACA, § 4002. (OAS; W-00-14-59027; expected issue date: FY 2015) *Work Plan* page 51.
- **HRSA—Community health centers' compliance with grant requirements of the Affordable Care Act**
ACA, § 10503. (OAS; W-00-14-59028; W-00-15-59028; various reviews, expected issue dates: FY 2015) *Work Plan* page 48.
- **HRSA—Duplicate discounts for 340B-purchased drugs**
ACA, § 2501. (OEI; 05-14-00430; expected issue date: FY 2015) *Work Plan* page 48.
- **NEW HRSA – State agency oversight of HRSA Maternal, Infant, and Early Childhood Home Visiting grants**
ACA § 2951 (OAS; W-00-xx-xxxxx; various reviews; expected issue dates: FY 2016) *Work Plan* page 48.