

December 16, 2015

**VIA ELECTRONIC TRANSMISSION**

The Honorable Andrew M. Slavitt  
Acting Administrator  
Centers for Medicare & Medicaid Services  
200 Independence Ave, S.W.  
Washington, D.C. 20201

Dear Mr. Slavitt:

As Members of the Senate Committee on Finance, we take great interest in the ongoing efforts of the Centers for Medicare & Medicaid Services (CMS) with respect to its efforts in implementing the federal and state exchanges, including Healthcare.gov. In a September 2014 report, the Government Accountability Office (GAO) stated that CMS has overall responsibility for key federal systems supporting Healthcare.gov, including the Federally Facilitated Marketplace (FFM) system.

Within the FFM, verification of consumer income is a key component for determining eligibility for Medicaid, advanced premium tax credits (APTCs) and other cost-sharing reductions to support the purchase of qualified health plans. Once a consumer enters the FFM through Healthcare.gov and self-attests to their income level, it is verified against information available via the CMS data hub, including income data as provided by other federal agencies, state agencies and commercial verification services, thereby determining eligibility for Medicaid and insurance affordability programs.

CMS estimates that there were potentially \$17.5 billion dollars in improper payments made from the Medicaid program in 2014. In light of this fact, GAO has recommended that CMS focus on better identifying beneficiaries who are deceased and increasing the states' access to Medicare's enrollment database.<sup>1</sup>

There is also potential for reducing improper payments through increased income verification. CMS does not require that the state-based marketplaces take advantage of commercially verified consumer income information, freely available through CMS. Currently, states with their own state-based exchanges are using state-wage data and historical tax returns that reflect income that can be several months old.

Currently, commercial third-party income verification services are contractually provided to CMS, assisting in its determination of consumer eligibility for Medicaid, APTCs and other cost-sharing reductions to support the purchase of qualified health plans. However, it is our understanding that due to inflexible data requirements by CMS, this existing and valuable tool is not being fully utilized at the federal level and is not being promoted by CMS for use at the state-level. We believe there are opportunities within Medicaid and the broader FFM to reduce

improper payments through the utilization of the most up-to-date and available employer-reported information at both the federal and state-levels.

To that end, we request that CMS provide us with answers to the following questions:

1. **Why is CMS not taking full advantage of currently available income verification tools as provided by third-parties?**
2. **Do you agree that CMS should verify consumer income for Medicaid and other benefit eligibility based on the most up-to-date income information?**
3. **What steps will CMS take to encourage and increase utilization of tools that would decrease the rate of improper payments?**

We appreciate your prompt attention to this request and ask that you respond by January 22, 2016. ~~if you have any questions please contact [redacted]~~

Sincerely,



Orrin G. Hatch  
Chairman, Senate Committee  
on Finance



Johnny Isakson  
Chairman, Senate Committee  
on Veterans' Affairs

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<sup>i</sup> United States Government Accountability Office Report to Congressional Requesters – Medicaid: Additional Actions Needed to Help Improve Provider and Beneficiary Fraud Controls, *What GAO Found*, page 1; *Recommendations for Executive Action*, page 27. <http://www.gao.gov/assets/680/670208.pdf>.