## WATCHDOGS IDENTIFY SHORTCOMINGS WITH THE FEDERAL MARKETPLACE



#### **JUNE 2014**

Internal controls in the Federal marketplace were not effective for validating Social Security numbers or resolving inconsistencies in data used to determine eligibility for health plan enrollment or insurance affordability programs-that is, the advance premium tax credit (APTC), or costsharing reductions.<sup>(2)</sup>



#### **JULY 2015**

The Internal Revenue Service (IRS) does not know the amount of APTCs paid to insurance companies for 2014 marketplace policies or the gap between APTCs paid to insurance companies and reported on taxpayers' 2014 tax returns because of incomplete data.<sup>(4)</sup>



#### **OCTOBER 2015**

Undercover testing using fictitious identities indicated the Federal marketplace eligibility determination and enrollment processes for 2015 remain vulnerable to fraud.<sup>(6)</sup>



## **MARCH 2016**

Delays by the Centers for Medicare & Medicaid Services (CMS) in sending the IRS required Federal marketplace data reduced IRS's ability to verify APTC amounts. In addition, IRS incorrectly computed the allowable APTC for some returns. For example, 7,849 taxpayers received \$21 million more APTCs than they were entitled to receive.<sup>(8)</sup>



## **SEPTEMBER 2016**

Almost 1.6 million taxpayers received a total of nearly \$2 billion in excess APTC on their tax returns in 2014. Repayment restrictions prevent IRS from collecting \$680 million of the excess APTC received by a subset of those taxpayers. (10)

## **JUNE 2014**

The Federal marketplace could not resolve 2.6 million inconsistencies (e.g., citizenship or income) between self-attested applicant information and data received from Federal and other sources.<sup>(1)</sup>

## **JULY 2014**

The Federal marketplace approved subsidized health plan coverage for 11 of 12 fictitious identities in 2014.<sup>(3)</sup>



#### **AUGUST 2015**

Internal controls in the Federal marketplace in 2014 were not effective in ensuring eligibility for health plans and insurance affordability programs.<sup>(5)</sup>



## **FEBRUARY 2016**

GAO maintained subsidized health plan coverage from the Federal marketplace for 11 fictitious identities throughout 2014, obtaining a total of about \$30,000 in annual APTCs and lower costs at time of service, such as co-payments.<sup>(7)</sup>



#### SEPTEMBER 2016

Undercover testing indicated the Federal marketplace eligibility determination and enrollment processes for the 2016 coverage year was vulnerable to fraud. Additionally, as of December 2015, about \$4 billion (26 percent) of APTCs for the 2014 coverage year had not been reconciled.<sup>(9)</sup>







**GOVERNMENT ACCOUNTABILITY OFFICE (GAO)** 



# **REPORT LINKS**

- 1. HHS OIG. *Marketplaces Faced Early Challenges Resolving Inconsistencies With Applicant Data*. <u>OEI-01-14-00180</u>. Washington D.C.: June, 2014.
- 2. HHS OIG. Not all Internal Controls Implemented by the Federal California, and Connecticut Marketplaces Were Effective in Ensuring That Individuals Were Enrolled in Qualified Health Plans Accorded to Federal Requirements. <u>A-09-14-01000</u>. Washington D.C.: June, 2014.
- GAO. Patient Protection and Affordable Care Act: Preliminary Results of Undercover Testing of Enrollment Controls for Health Care Coverage and Consumer Subsidies Provided Under the Act. <u>GAO-14-705T</u>. Washington, D.C.: July 23, 2014.
- 4. GAO. Patient Protection and Affordable Care Act: IRS Needs to Strengthen Oversight of Tax Provisions for Individuals. <u>GAO-15-540</u>. Washington, D.C.: July 29, 2015.
- HHS OIG. Not all of The Federally Facilitated Marketplace's Internal Controls Were Effective in Ensuring That Individuals Were Properly Determine Eligible for Qualified Health Plans and Insurance Affordability Programs. <u>A-09-14-01011</u>. Washington, D.C.: August, 2015.
- GAO. Patient Protection and Affordable Care Act: Preliminary Results of Undercover Testing of the Federal Marketplace and Selected State Marketplaces for Coverage Year 2015. <u>GAO-16-159T</u>. Washington, D.C.: October 23, 2015.
- 7. GAO. Patient Protection and Affordable Care Act: CMS Should Act to Strengthen Enrollment Controls and Mange Fraud Risk. <u>GAO-16-29</u>. Washington, D.C.: February 23, 2016.
- 8. TIGTA. Affordable Care Act: Internal Revenue Service Verification of Premium Tax Credit Claims During the 2015 Filing Season. <u>2016-43-033</u>. Washington, D.C.: March 31, 2016.
- GAO. Patient Protection and Affordable Care Act: Results of Undercover Enrollment Testing for the Federal Marketplace and a Selected State Marketplace for the 2016 Coverage Year. <u>GAO-16-784</u>. Washington, D.C.: September 12, 2016.
- TIGTA. Affordable Care Act: With Minor Exceptions, Controls and Procedures for Collection of the Shared Responsibility Payment and Excess Advance Premium Tax Credit Were Effectively Established. <u>2016-33-071</u>. Washington, D.C.: September 19, 2016.