

Report in Brief

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



Why OIG Did This Review

The Centers for Medicare & Medicaid Services (CMS) oversees implementation of health insurance provisions for the Affordable Care Act and works with States to establish marketplaces, which evaluate individuals' eligibility for qualified health plans (QHPs) and insurance affordability programs (i.e., the premium tax credit and cost-sharing reductions). Our prior reviews of seven State marketplaces found that not all of their internal controls were effective in ensuring that individuals were properly determined eligible for QHPs and insurance affordability programs. These deficiencies led us to review the effectiveness of CMS's oversight of State marketplaces.

Our objective was to determine whether CMS provided effective oversight to ensure that State marketplaces determined individuals' eligibility for QHPs and insurance affordability programs according to Federal requirements.

How OIG Did This Review

We focused our review on CMS's oversight activities at the seven marketplaces we previously reviewed. We reviewed CMS's policies and procedures and documentation related to annual open enrollment readiness reviews for the 2015 and 2016 coverage years and State Marketplace Annual Reporting Tool (SMART) reviews for the 2014 coverage year. Further, we interviewed CMS officials and obtained information from marketplaces using questionnaires.

CMS Did Not Provide Effective Oversight To Ensure That State Marketplaces Always Properly Determined Individuals' Eligibility for Qualified Health Plans and Insurance Affordability Programs

What OIG Found

Although CMS provided oversight and technical assistance, it did not ensure for the 2014 through 2016 coverage years that all State marketplaces (1) had the system functionality to verify individuals' eligibility for QHPs and insurance affordability programs and resolve inconsistencies in eligibility data according to Federal requirements and (2) had or used the system functionality to perform the process for determining ineligibility for individuals who had not filed a tax return to reconcile the premium tax credit. Further, CMS did not ensure that all of the marketplaces completed required independent audits. Without effective oversight, CMS cannot confirm that State marketplaces properly determine individuals' eligibility. By improving its oversight, CMS may reduce the risk that individuals receive financial assistance to which they are not entitled.

We also identified three weaknesses in CMS's procedures for SMART reviews. (The SMART is a reporting document that State marketplaces must submit annually to CMS to demonstrate that they meet program integrity standards.) Although these weaknesses did not result in State marketplaces' noncompliance with Federal requirements, CMS could improve its SMART review procedures to strengthen its oversight of marketplaces.

What OIG Recommends and CMS Comments

To improve its oversight of State marketplaces, we recommend that CMS (1) set firm deadlines for marketplaces to fully develop system functionality for verifying applicants' eligibility and resolving inconsistencies, assess potential enforcement mechanisms that would ensure that marketplaces meet those deadlines, and, if such mechanisms are identified, seek legislative authority to establish them; (2) monitor marketplaces' progress in developing and using current and future system functionality; and (3) ensure that marketplaces complete required independent audits annually. To improve CMS's procedures for SMART reviews, we made three procedural recommendations.

CMS concurred with most of our recommendations. However, CMS did not concur with our first recommendation and did not state whether it concurred with one of our three procedural recommendations. After reviewing CMS's comments, we refined the second part of our first recommendation and now recommend that CMS assess potential enforcement mechanisms and seek legislative authority to establish them.