

GAO Highlights

Highlights of [GAO-17-78](#), a report to congressional requesters.

Why GAO Did This Study

Under PPACA, consumers can enroll in health insurance coverage, or change from one qualified health plan to another, through the federal and state marketplaces either (1) during the annual open enrollment period or (2) outside of the open enrollment period, if they qualify for an SEP. A consumer may qualify for an SEP due to specific triggering events, such as a nonvoluntary loss of health-care coverage. CMS reported that 1.6 million individuals made a plan selection through an SEP in 2015.

GAO was asked to test marketplace enrollment and verification controls for applicants attempting to obtain coverage during an SEP.

This report describes the results of GAO attempts to obtain subsidized qualified health-plan coverage during the 2016 SEP in the federal marketplace and two selected state-based marketplaces—California and the District of Columbia.

To perform the undercover testing of enrollment verification, GAO submitted 12 new fictitious applications for subsidized health-insurance coverage outside of the open enrollment period in 2016. GAO's applications tested verifications related to a variety of SEP triggering events. The results cannot be generalized to all enrollees.

GAO provided a draft of this report to CMS and the selected state agencies. In their written comments, CMS and the states reiterated that they are not required to verify an SEP event and instead rely on self-attestation. However, prudent stewardship and good management practices suggest that fraud risks be understood and managed to protect public funds.

View [GAO-17-78](#). For more information, contact Seto J. Bagdoyan at (202) 512-6722 or bagdoyans@gao.gov.

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PATIENT PROTECTION AND AFFORDABLE CARE ACT

Results of Enrollment Testing for the 2016 Special Enrollment Period

What GAO Found

The Patient Protection and Affordable Care Act (PPACA) requires that federal and state-based marketplaces verify application information—such as citizenship or immigration status—to determine eligibility for enrollment in a health plan, potentially including a subsidy. However, there is no specific legal requirement to verify the events that trigger a Special Enrollment Period (SEP), which is an opportunity period to allow an individual to apply for health coverage after events such as losing minimum essential coverage or getting married. Prior to the start of GAO's enrollment tests, the Centers for Medicare & Medicaid Services (CMS), which maintains the federal Health Insurance Marketplace (Marketplace), implemented a policy to request that federal Marketplace applicants provide supporting documentation for certain SEP triggering events. According to CMS, ensuring that only qualified applicants enroll during an SEP is intended to prevent people from misusing the system to enroll in coverage only when they become sick. However, relying on self-attestation without verifying documents submitted to support an SEP triggering event, such as those mentioned above, could allow actual applicants to obtain subsidized coverage they would otherwise not qualify for.

The federal and selected state-based marketplaces approved health-insurance coverage and subsidies for 9 of 12 of GAO's fictitious applications made during a 2016 SEP. The remaining 3 fictitious applicants were denied. The marketplaces instructed 6 of 12 applicants to provide supporting documentation, such as a copy of a recent marriage certificate, related to the SEP triggering event; the remaining 6 of 12 were not instructed to do so. For 5 applicants, GAO provided no documents to support the SEP triggering event, but coverage was approved anyway. Officials from the marketplaces explained that they do not require applicants to submit documentation to support certain SEP triggering events. For other SEP triggering events, CMS officials explained that the standard operating procedure in the federal Marketplace is to enroll applicants first, and verify documentation to support the SEP triggering event after enrollment. The officials also noted that all applicants must attest to their eligibility for enrollment.

GAO is not making any recommendations to the Department of Health and Human Services (HHS) in this report. However, GAO made eight recommendations to strengthen PPACA enrollment controls in a February 2016 report; these recommendations included conducting a fraud-risk assessment of the federal marketplace, consistent with the leading practices described in GAO's framework for managing fraud risks in federal programs. In formal comments on a draft of the February report, HHS concurred with the recommendations and outlined a number of steps it planned to take to implement them. In an April 2016 follow-up letter to GAO, HHS described a number of specific actions it had taken in response to the eight recommendations, such as creating an integrated project team to perform the Marketplace fraud-risk assessment. As of November 2016, GAO considers all eight recommendations to be still open, pending corroborating information, and will continue to monitor CMS's progress in implementing them. Implementing these recommendations by actions such as performing the fraud-risk assessment could help address the control vulnerabilities GAO identified during its most recent SEP tests.