

Rep. Joseph R. Pitts
Opening Statement
Energy and Commerce Subcommittee on Health
Hearing on “Failure to Verify: Concerns Regarding PPACA’s Eligibility System”
July 16, 2014

The Subcommittee will come to order.

The Chair will recognize himself for an opening statement.

On July 1, 2014, the Department of Health and Human Services Office of the Inspector General released two disturbing reports regarding eligibility verification for individuals purchasing coverage in the Exchanges.

According to the reports, between October 1 and December 31, 2013, OIG identified 2.9 million inconsistencies between applicants’ information and data received through the Data Hub or from other data sources.

One third of these related to income.

Resolving these inconsistencies is often critical in determining eligibility for the nearly \$1 trillion in exchange subsidies that are being spent over the course of the next decade.

This is why Congress passed a law requiring the Secretary of HHS to certify that processes were in place to verify eligibility *before* subsidies were made available.

Secretary Sebelius made such a certification to Congress on January 1, 2014.

Yet, one OIG report states, “As of the first quarter of 2014, the Federal marketplace was unable to resolve about 2.6 million of 2.9 million inconsistencies because the CMS eligibility system was not fully operational. It was unable to resolve inconsistencies even if applicants submitted appropriate documentation.”

It is clear that the eligibility system is far from operational. CMS reports that it now has in place an interim manual process to resolve inconsistencies, and it hopes to have a fully automated process later this summer.

It is absolutely stunning that this Administration, nearly a year after launch of the exchanges and with \$1 trillion on the line, has yet to build a functioning eligibility system.

Given the Administration's false promises when it comes to Affordable Care Act implementation, CMS' hope to have a fully automated process up and running later this summer deserves to be treated with skepticism.

From telling Americans falsely that they could keep their health plan and doctors to Secretary Sebelius' commitment that the exchanges would be ready to launch on October 1st, implementation of this law has been a series of broken promises.

Additionally, this problem appears to be getting worse, not better. According to documents released by this Committee, as of May 27, at least four million inconsistencies had been identified.

These facts make it clear that the Administration is taking a "shovel the money out the door first, verify later" approach when it comes to exchange subsidies.

It is simply unacceptable that CMS does not yet have the internal controls necessary to validate Social Security numbers, citizenship, national status, income, and employer-sponsored coverage. Americans sending taxes to Washington don't deserve to have their money so blatantly disregarded by a federal government that is supposed to serve them.

OIG has recommended that CMS "should develop and make public a plan on how and by what date the Federal marketplace will resolve inconsistencies."

But one has to wonder how long it will take to clear this backlog, and whether proper internal controls will be in place to prevent this from happening again during the next open enrollment period this fall.

One also has to wonder how the Administration intends to "claw back" any improper subsidies that were given as a result of inaccurate information. Middle class families could be left on the hook for thousands of dollars in payments back to the IRS as a result of this failure.

I appreciate the Office of the Inspector General's work and would like to thank you for being here today to discuss the findings of these reports in more detail, and I yield back.