



October 20, 2015

TO: Members, Subcommittee on Health

FROM: Committee Majority Staff

RE: Hearing entitled “Reviewing the Accuracy of Medicaid and Exchange Eligibility Determinations”

I. INTRODUCTION

On Friday, October 23, at 9:00 a.m. in 2322 Rayburn House Office Building, the Subcommittee on Health will hold a hearing entitled “Reviewing the Accuracy of Medicaid and Exchange Eligibility Determinations.”

II. WITNESSES

- Carolyn Yocom, Director, Health Care, Government Accountability Office; and
- Seto Bagdoyan, Director, Audit Services, Forensic and Investigative Service, Government Accountability Office.

III. BACKGROUND

Health Insurance Exchanges

The Patient Protection and Affordable Care Act (ACA) created new insurance mandates, taxes, and subsidies for health-care coverage for eligible individuals. ACA also provided for the establishment of health-insurance exchanges. Under the law, States could elect to establish and operate their own exchange or rely on Healthcare.gov, the Federally-facilitated exchange operated by the Centers for Medicare and Medicaid Services (CMS). As of June 2015, thirteen States and the District of Columbia have established their own State-based exchanges. The remaining thirty-seven States have relied on Healthcare.gov.

To obtain coverage through an exchange, individuals must complete an application and meet certain eligibility requirements. For example, they must be U.S. citizens or legal immigrants. The exchanges are required by law to take several steps to verify the information in individuals’ applications to determine their eligibility to enroll in coverage and, if applicable, qualify for Federal subsidies. Verification steps include validating an applicant’s Social Security number, if one is provided; verifying citizenship status; and verifying household income and family size.

Medicaid

ACA also included a Medicaid expansion, which allows States to expand Medicaid eligibility to individuals under the age of sixty-five with income up to 133 percent of the Federal poverty level (FPL) (effectively 138 percent FPL). ACA provided enhanced Federal funding for coverage of this new expansion population, with the Federal government covering 100 percent of the costs through 2016. The Federal matching rate gradually diminishes to ninety percent by 2020. As of September 1, 2015, twenty-nine States and the District of Columbia had expanded their Medicaid programs.

ACA required the establishment in all States of a coordinated eligibility process for Medicaid and the exchanges. As a result, some States that rely on Healthcare.gov have agreed to allow CMS to perform the final Medicaid eligibility determination for individuals applying for coverage through the Federally-facilitated exchange.

Concerns about Eligibility Controls

Recent reports from the Department of Health and Human Services' Office of Inspector General (OIG) and the Government Accountability Office (GAO) have raised serious concerns about the eligibility verification systems related to Healthcare.gov and state-operated exchanges.

- **OIG** - In August 2015, the OIG reported that not all of the internal controls in Healthcare.gov were effective in ensuring that individuals' eligibility for enrollment and income-based subsidies was determined according to Federal requirements.
- **GAO** - Testimony from GAO presented in July 2014 and July 2015 also raised serious questions about the enrollment controls for Healthcare.gov during the program's first open enrollment period. GAO was able to enroll and receive subsidized coverage for eleven of twelve fictitious applicants despite not submitting all required verification documentation and using counterfeit documentation.

Given the required coordination between Medicaid and the exchanges, the same failure to properly determine eligibility for qualified health plans may have been imported into Medicaid.

IV. ISSUES IN FOCUS

The Subcommittee will hear from two GAO witnesses about the agency's assessment of Medicaid and exchange eligibility controls and coordination.

- Ms. Yocom will present findings from two new GAO reports. One report assesses Federal and State policies and procedures to minimize duplicative coverage for Medicaid and exchange premium subsidies. The second report examines Federal efforts to ensure the accuracy of Medicaid eligibility determinations and the Federal matching rate for State Medicaid expenditures.

- Mr. Bagdoyan will present preliminary results of undercover testing of Federal and State exchanges' application, enrollment, and eligibility verification controls, including opportunities for potential enrollment fraud, during ACA's second open enrollment period.

V. STAFF CONTACTS

If you have any questions regarding this hearing, please contact Josh Trent or Michelle Rosenberg of the Committee staff at (202) 225-2927.