

# Not Qualified For Obamacare's Subsidies? Just Lie -- Govt. To Use 'Honor System' Without Verifying Your Eligibility

If you thought the delay in the employer mandate was bad news for Obamacare, just wait. On Friday, Sarah Kliff and Sandhya Somashekhar of the *Washington Post* discovered that the Obama administration had buried in the *Federal Register* the announcement that the government won't be able to verify whether or not applicants for Obamacare's insurance exchange subsidies are actually qualified for the aid, in the 16 states that are setting up their own exchanges. Instead, until at least 2015, these states will be able to "accept the applicant's attestation [regarding eligibility] without further verification."



Marilyn B. Tavenner is Administrator for the Centers for Medicare and Medicaid Services, an agency of the U.S. Department of Health and Human Services. (Photo credit: Wikipedia)

## Without employer mandate, Feds to rely on applicant 'attestations'

If you've been following the latest news around Obamacare, you know that on Tuesday evening, just before the Independence Day holiday, the White House announced that it would be delaying the implementation of the health law's employer mandate—requiring all firms with more than 50 employees to provide health coverage to their workers—until 2015.

I, and several others at the time, said "wait a minute." According to the law, you aren't eligible for Obamacare's subsidies if your employer has offered you what the government considers "affordable" coverage. But if employers are no longer going to report whether or not they've offered "affordable" coverage, how can the government verify whether or not workers are eligible for subsidies?

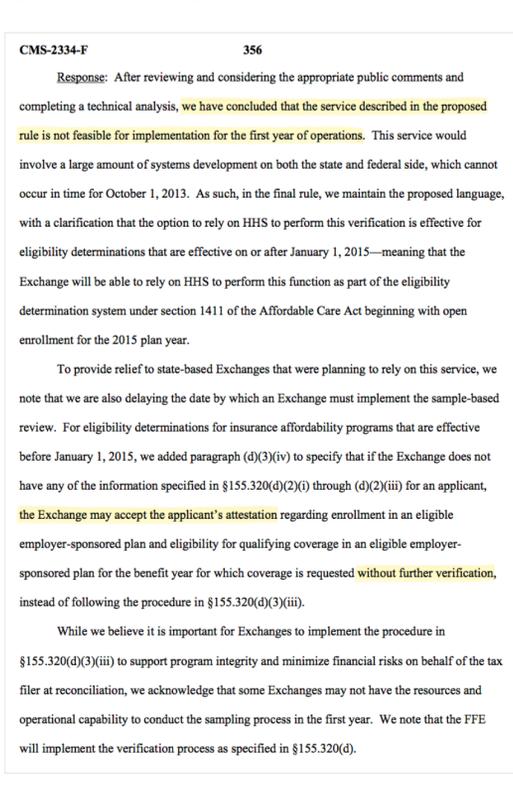
Now we know the answer. The government is going with what Kliff and Somashekhar call "the honor system." "We have concluded that the... proposed rule is not feasible for implementation for the first year of operations," say the Centers for Medicare and Medicaid Services. "The exchange may accept the applicant's attestation regarding enrollment in an eligible employer-sponsored plan...without further verification, instead of following the procedure in §155.320(d)(3)(iii)."

And it's not just there. The feds will also allow people to gain means-tested subsidized coverage on the exchanges without having to...test their means. "For income verification, for the first year of operations, we are providing Exchanges with temporarily expanded discretion to accept an attestation of projected annual household income without further verification."

Presumably, since the IRS knows your income, it could claw back these excess subsidies afterwards, if it chooses to. But the IRS' record of impartiality is, shall we say, contested. And people who don't file tax returns—such as those with incomes below the poverty line—would probably not be subject to that enforcement mechanism. That's a route to enhanced benefits for poor residents of states that **don't expand Medicaid**.

## Subsidize first, ask questions later?

The goal here is plain as day. The Obama administration is laser-focused on making sure that enough Americans enroll onto Obamacare-subsidized health insurance platforms, because if they do, it will be politically impossible for Republicans to repeal Obamacare in the future.



Politics ain't beanbag, they say. But deliberately encouraging tens of billions of dollars of waste, fraud, and abuse in order to achieve a political objective is profoundly immoral. It's a breach of faith with the hard-working taxpayers whose paychecks are being harnessed to a cause many of them don't support.

My *Apothecary* colleague Chris Conover has been out front with the argument that the entirety of Obamacare should be **delayed for a year** until the severe operational problems with the law have been sorted out. Not long ago, I thought this was a quixotic idea, one that the White House would never accept, because of their aforementioned political objective of enrolling as many people under Obamacare as they can.

But at this point, it's hard to argue that even Obamacare's supporters will benefit from activating this law in 2014. A smooth rollout of the law at least has a fighting chance of winning over the skeptics. Between the administration's implementation of rate shock and its encouragement of outright fraud, conservative opposition to Obamacare will only intensify.

These problems will make it harder for advocates of market-based insurance exchanges—**like me**—to bridge the partisan divide. For true health reformers, a delay wouldn't just be the responsible thing to do. It would be the ethical thing to do.

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**UPDATE 1:** As I go **back and forth on Twitter** with a few people, it becomes clear that a key ramification of this announcement is what it means for uninsured people who were slated for Obamacare's Medicaid expansion, who live in states that don't expand Medicaid. Effectively, states no longer need to expand Medicaid, because this newly Medicaid-eligible population can now sign up for the exchanges, at no cost to the state, and know that their incomes won't be verified by the IRS (because their incomes are too low to file tax returns).