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## Feds Can't Verify \$2.8 Billion in Obamacare Subsidies

**CMS does not know if subsidies went to 'confirmed enrollees, in the correct amounts'**



BY: [Elizabeth Harrington](#)  
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The federal government cannot verify nearly \$3 billion in subsidies distributed through Obamacare, putting significant taxpayer funding "at risk," according to a new audit report.

The Department of Health and Human Services (HHS) Office of Inspector General (OIG) released an audit Tuesday finding that the agency did not have an internal system to ensure that subsidies went to the right

enrollees, or in the correct amounts.

"[The Centers for Medicare and Medicaid Services] CMS's internal controls did not effectively ensure the accuracy of nearly \$2.8 billion in aggregate financial assistance payments made to insurance companies under the Affordable Care Act during the first four months that these payments were made," the [OIG said](#).

"CMS's system of internal controls could not ensure that CMS made correct financial assistance payments," they said.

The [OIG](#) reviewed subsidies paid to insurance companies between January and April 2014. The [audit](#) found that CMS did not have a process to "prevent or detect any possible substantial errors" in subsidy payments.

The [OIG](#) said the agency did not have a system to "ensure that financial assistance payments were made on behalf of confirmed enrollees and in the correct amounts."

In addition, CMS relied too heavily on data from health insurance companies and had no system for state-based exchanges to "submit enrollee eligibility data for financial assistance payments."

The government does "not plan to perform a timely reconciliation" of the \$2.8 billion in subsidies.

The audit was released as the country awaits a Supreme Court ruling that could make all federal subsidies invalid, since the majority of states did not set up their own health insurance exchange.

Eligible individuals enrolled in Obamacare can receive different types of subsidies, including advance premium tax credits (APTCs) and advance cost-sharing reductions (CSR), which can be used towards premiums or out-of-pocket health care costs.

According to the [OIG](#), the government still does not have a complete system for approving subsidies distributed through Obamacare. CMS used an "interim process" to distribute subsidies for 2014, and is planning a "permanent process" to be finished by late 2015. The final system is supposed to approve enrollment and payment data "on an enrollee-by-enrollee basis."

"Without effective internal controls for ensuring that advance CSR payments are reconciled in a timely manner, a significant amount of Federal funds are at risk," the [OIG](#) said.

The report noted that multiple agencies within CMS oversee subsidy payments, including the Center for Consumer Information and Insurance Oversight (CCIIO), the Office of Financial Management (OFM), the Office of the Actuary (OACT), and the Office of Information Systems (OIS).

In response to the audit, CMS said they issued a regulation to change their accounting methods. "CMS takes the stewardship of tax dollars seriously and implemented a series of payment and process controls to assist in making manual financial assistance payments accurately to issuers," they said.

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