



Written by [Raven Clabough](#) on March 6, 2017

Audit Reveals Millions in ObamaCare Tax Credits Awarded to Ineligible Recipients

Seven years after the Affordable Care Act became law, the Centers for Medicare and Medicaid Services continues to shirk its responsibility for verifying eligibility for healthcare subsidies, a new audit by the treasury inspector general for tax administration reveals.

According to a report by the treasury inspector general, the ObamaCare exchanges awarded ineligible recipients \$21.8 million in advance premium tax credits, which are reserved for individuals with low to moderate income to help offset the costs of health insurance on the exchanges.



The agency responsible for the ObamaCare exchanges and tax credits is the Centers for Medicare and Medicaid Services. In order to be eligible for the subsidies, the *Washington Free Beacon* reports, an applicant must be a citizen or a legal resident, be a resident of the state where the exchange is located, and not be incarcerated. The verification process involves confirming that individuals receiving the tax credits are eligible based on personal information such as address, date of birth, and income.

But the audit found that the exchanges were unable to verify the identity of 35,276 individuals who had received a total of \$112 million in advance premium tax credits. The audit report indicates that 99 percent of the applications did not have a verification process performed, and that 251 of the applications outright failed identity verification.

“When we provided the results of our review to the Centers for Medicare and Medicaid Services, management stated that the ACA does not require the exchanges to verify an applicant’s identity,” auditors said. “Management indicated that identity information is not a requirement or a factor in the determination for an individual’s eligibility for health insurance coverage through the exchanges.”

What’s worse, the report also indicates that 11,388 individuals received \$21.8 million in tax credit payments despite having failed to meet the eligibility requirements, while another 2,498 of the applications were not subjected to any verification process at all. Some of the applicants were able to continue receiving benefits despite being determined to be ineligible, as a result of ObamaCare’s “good faith” provision, which permits individuals to continue receiving subsidies if they’ve made any effort whatsoever to support eligibility, regardless of whether the efforts were relevant to the requirements.

“As such, these individuals continued to receive the advance premium tax credit and were not terminated during calendar year 2014,” the audit states. “We do not believe it is appropriate for the exchanges to allow individuals for whom they know one or more of the eligibility requirements were determined to have not been met to continue to maintain insurance coverage and receive the advance premium tax credit for a full calendar year.”



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Though the newest audit report is disappointing, it is nothing new. Since the Affordable Care Act was rolled out, the Obama administration has been unable and seemingly unwilling to create an adequate process for verifying eligibility for healthcare subsidies.

In 2014, a government document revealed that at least two million people enrolled in taxpayer-subsidized private insurance had data discrepancies.

The Obama administration announced in July 2014 that it would not be verifying eligibility information throughout 2014 but that it hoped to have a “permanent process” in place to do so by the end of 2015 that would approve enrollment and payment data “on an enrollee-by-enrollee basis.”

But despite this assurance, a 2016 report out of the U.S. Senate showed that illegal immigrants were receiving \$750 million in healthcare subsidies.

According to a Senate report by Republicans on the Senate Homeland Security and Governmental Affairs Committee, as of June 2015, “the Administration awarded approximately \$750 million in tax credits on behalf of individuals who were later determined to be ineligible because they failed to verify their citizenship, status as a national or legal presence.”

Fox News reported at the time that the healthcare law permits subsidy payments on a temporary basis when an applicant’s status is unclear, but funding is to be stopped if the recipient is unable to produce paperwork confirming his or her legal status. It is under this provision, which the Senate report dubbed the “pay and chase” model that tax credits went to over 500,000 illegal immigrants, or at least to those whose status remains unclear.

The Centers for Medicare and Medicaid Services (CMS) confirmed to FoxNews.com that “471,000 customers with 2015 coverage failed to produce proper documentation on their citizenship or immigration status on time,” but argued that the lack of proper documentation does not necessarily mean the recipients were “ineligible.”

“Lack of verification does not mean an individual is ineligible for financial assistance, but only that a Marketplace did not receive sufficient information to verify eligibility in the time period outlined in the law,” CMS spokesman Aaron Albright said.

Also in 2015, an audit by the Health and Human Services Office of the Inspector General discovered that the HHS could not account for a whopping \$2.8 billion in subsidies because the agency had no internal system to ensure that subsidies were being paid to the correct enrollees and whether the amounts paid were correct.

Months later, an October 2015 report by the Government Accountability Office found that ObamaCare exchanges at the state and federal levels were still failing to verify key enrollment information such as Social Security numbers and citizenship.

The latest audit by the Treasury Inspector General underscores that very little has changed, but Andy Slavitt, acting administrator at the Centers for Medicare and Medicaid Services, contends that the agency is “committed to improving the performance and the outcomes of the state-based and federally facilitated Marketplaces” and strives to “protect the integrity of taxpayer dollars.”

Slavitt asserts, “The Marketplace continues to review documentation submitted by consumers and will continue to end enrollment through the Marketplace and/or adjust advance premium tax credits and/or cost-sharing reduction amounts as appropriate.”



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