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2014 – 2015 Advance Payments of the Premium Tax Credit (APTC) & Federally-Facilitated Exchange (FFE) and State-Based Exchange (SBE) – Federal Platform (FP) User Fee (UF) Audits Summary

Released: March 1, 2024

Background

Section 1412 of the Patient Protection and Affordable Care Act (ACA) established the Advance Payments of the Premium Tax Credit (APTC) program to lower the monthly premium for eligible individuals. Section 1311(d)(5)(A) of the ACA requires the Federally Facilitated Exchanges (FFE) to be self-sustaining, such as by charging participating issuers user fees (UFs) to support FFE operations. Additionally, Office of Management and Budget (OMB) Circular A-25 allows the FFEs and State-based Exchanges on the Federal platform (SBE-FPs) to calculate, collect, and expend UFs.

Pursuant to 45 CFR §§ 156.480(c) and 156.715, the Department of Health and Human Services (HHS) conducts audits of issuers that offer a Qualified Health Plan (QHP) in the individual market through an Exchange to assess compliance with the APTC and FFE and SBE-FP UF program requirements. The goals of these audits are to:

- Safeguard Federal funds;
- Instill confidence in payment data quality among regulated entities;
- Evaluate health insurance issuer compliance with program rules and regulations; and
- Efficiently use taxpayer resources while minimizing unnecessary burden on issuers and consumers.

The following sections detail an overview of the CMS audit program and insights and results from the 2014 and 2015 benefit year APTC and FFE and SBE-FP UF audits.

Audit Program Details

For the 2014 and 2015 benefit years, CMS paid APTC and collected UF payments from issuers in all FFEs via an attestation model, whereby issuers submitted manual enrollment and payment data workbooks (EPDWs) to CMS, and attested to the accuracy of the submission supporting APTC payments made by CMS and the payment of FFE UFs made by issuers. For purposes of program integrity, CMS established an audit program to validate the information included in the enrollment and payment data workbooks, and to analyze controls and policies of selected issuers pursuant to the authority defined in 45 CFR §§ 156.480(c), and 156.715. Refer to Table 1 in the Audit Summary Tables section below for an overview of the 2014 and 2015 benefit year audit issuer population.

In 2016, CMS transitioned FFE APTC payments to the new automated platform, the policy-based payment (PBP) system. Therefore, audit takeaways for 2016 through 2019 benefit years are addressed in a separate report.

Key Audit Takeaways

For the 2014 and 2015 benefit year audits, CMS performed validations and comparisons of QHP level data reported by issuers in EPDW and subscriber level data reported by issuers in a Payment Desk Audit File for purposes of the audit to identify any data differences that required adjustments to payment. Refer to Tables 2-3 in the Audit Summary Tables section below for the overall financial impact resulting from the audits.

In addition to validations performed to identify potential errors in payment resulting from data discrepancies between the issuer and FFE data, CMS performed sampling reviews to identify observations, which were defined as cases in which issuers failed to comply with applicable CMS enrollment policy and guidance¹ and in 45 CFR §§ 155.400, 156.270, and 156.460. Observations were implemented in 2015 FFE audits as a result of lessons learned from the 2014 FFE audits (*i.e.*, the first year of program audits). Therefore, this section displays only major observations identified during the 2015 FFE audits. Observations for 2015 FFE include the following:

- *Late or no/partial binder payments:* Issuers effectuating enrollments despite receiving late or insufficient binder payments resulting from operational policies or system parameters that were inconsistent with CMS requirements, manual system input errors, management business decisions to accept late/partial binder payments, lack of understanding/misinterpretation of CMS guidance, etc.
- *Incorrect grace period application:* Issuers providing additional months of coverage despite not receiving the full outstanding premium balance during the three consecutive month grace period resulting from grace period policies or system parameters that were inconsistent with CMS guidance, manual system input errors, management business decisions surrounding reinstatements, lack of understanding/misinterpretation of CMS guidance on grace periods, etc.
- *834 voluntary terminations during grace periods:* Issuers failing to terminate coverage based on the earlier of the enrollee's termination date received from CMS or the date the enrollee's coverage is terminated for non-payment of premiums due to premium payment policies inconsistent with CMS requirements, system issues/technology errors, etc.
- *Incorrect application of premium payment threshold:* Issuers continuing to provide coverage for a member whose premium balance had accumulated beyond the applicable premium payment threshold due to system issues/technology errors, premium payment policies inconsistent with CMS requirements, etc.
- *Incorrect billing and/or enrollment procedures:* Issuers incorrectly invoicing members resulting from untimely or inaccurate processing of APTC and/or premium amount updates, processing of

¹ CMS FFE and Federally-Facilitated Small Business Health Options Program Enrollment Manual, available at: https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Updated_ENR_Manual.pdf.

passive applications instead of active applications, manual system input errors, technology errors, etc.

Refer to Table 4 in the Audit Summary Tables section for additional details on the 2015 benefit year audit observations and Tables 5-6 in the Audit Summary Tables section below for issuer level audit results.

2020 and Beyond Audit Program Changes: APTC Payments

In the HHS Notice of Benefit and Payment Parameters for 2024,² CMS finalized changes to 45 CFR 156.1210(c), which states that, in order to be eligible for resolution under § 156.1210(b), an issuer must describe all inaccuracies identified in a payment and collections report before the end of the 3-year period beginning at the end of the plan year (PY) to which the inaccuracy relates. In other words, beginning with the 2020 PY coverage, HHS will not pay additional APTC payments or reimburse user fee payments for FFE, SBE-FP, and SBE issuers for data inaccuracies reported after the 3-year deadline. Additionally, CMS stated that HHS would not accept or take action that results in an outgoing payment on data inaccuracies or payment errors for the 2015 through 2019 PY coverage that are reported after December 31, 2023, which means an issuer must describe all inaccuracies identified in a payment and collections report for PYs 2015 through 2019 before January 1, 2024.

Audit Summary Tables

The following tables provide additional details on the 2014 and 2015 benefit year audits and results. Note: positive financial values in the below tables indicate funds being paid from CMS to issuers, while negative financial values in the below tables indicate funds being paid from issuers to CMS.

Table 1: BY 2014 - 2015 APTC & FFE UF Audit Summary

FFE Audit Summary – 2014 and 2015			
Benefit Year	Total HIOS IDs Audited	Total \$APTC Audited³	Total \$APTC Audited as a % of Total Benefit Year APTC Paid by CMS to FFE Issuers
2014	33	\$5,156,308,024.18	50%
2015	35	\$7,907,978,456.48	44%

Table 2: BY 2014 APTC & FFE UF Audit Finding Summary Results – Financial Impact

FFE Audit Results – 2014		
Finding Impact	Count of Issuers	Financial Impact
Overpayment Identified	28	\$(5,191,969.56)
Underpayment Identified	5	\$40,493.15
No Findings	0	N/A

² 88 Fed. Reg. 25740, 25886, available at: <https://www.federalregister.gov/documents/2023/04/27/2023-08368/patient-protection-and-affordable-care-act-hhs-notice-of-benefit-and-payment-parameters-for-2024>.

³ Total APTC payment amounts are calculated at the onset of the audits.

Table 3: BY 2015 APTC & FFE UF Audit Finding Summary Results – Financial Impact

FFE Audit Results – 2015		
Finding Impact	Count of Issuers	Financial Impact
Overpayment Identified	24	\$(9,265,068.41)
Underpayment Identified	11	\$3,920,912.67
No Findings	0	N/A

Table 4: BY 2015 APTC Audit Observation Summary Results⁴

FFE Audit Results – 2015	
Observation Type	Count of Issuers with Observations
No/Partial Binder Payment	2
Late Binder Payment	6
Grace Period	4
834 Terminations	1
Incorrect Premium Payment Threshold Application	1
Incorrect Billing	2
Other	1

⁴ Observations were implemented in 2015 FFE audits as a result of lessons learned from the 2014 FFE audits (i.e., the first year of program audits). Therefore, this section displays only observations data for 2015 FFE audits.

Table 5: BY 2014 APTC & FEE UF Audit Financial Impact by Issuer

FFE Audit Results – 2014							
HIOS ID	Issuer Name	BY2014 User Fees Paid ⁵	BY 2014 APTC Payment Amount ⁶	User Fee Adjustment	APTC Adjustment	Net Issuer Adjustment	Net Impact as a % of Total Payment
14002	BlueCross BlueShield of Tennessee, Inc.	\$(10,837,218.39)	\$186,397,284.17	\$105.06	\$(1,443.00)	\$(1,337.94)	0.00%
15560	Blue Cross Blue Shield of Michigan Mutual Insurance Company	\$(10,473,211.94)	\$166,235,402.34	\$3,577.14	\$(80,008.62)	\$(76,431.48)	0.05%
16842	Blue Cross and Blue Shield of Florida, Inc.	\$(27,852,826.86)	\$491,139,282.14	\$6,699.39	\$(111,734.90)	\$(105,035.51)	0.02%
17575	Anthem Ins Companies Inc (Anthem BCBS)	\$(10,946,438.07)	\$226,750,960.36	\$(8,603.80)	\$30,077.85	\$21,474.05	0.01%
18558	Blue Cross and Blue Shield of Kansas, Inc.	\$(1,330,569.58)	\$20,958,453.89	\$(5,378.41)	\$(2,245.58)	\$(7,623.99)	0.04%
26065	Blue Cross and Blue Shield of South Carolina	\$(3,071,693.29)	\$57,639,789.74	\$(10,454.40)	\$(44,123.16)	\$(54,577.56)	0.10%
28162	AultCare Insurance Company	\$(378,756.93)	\$6,999,783.15	\$305.96	\$(5,080.01)	\$(4,774.05)	0.07%
30751	Blue Cross and Blue Shield of Montana	\$(2,307,486.06)	\$41,439,165.43	\$3,908.67	\$(61,737.36)	\$(57,828.69)	0.15%
31274	Highmark Blue Cross Blue Shield West Virginia	\$(2,500,479.29)	\$46,080,079.01	\$(1,229.51)	\$(104,061.67)	\$(105,291.18)	0.24%
33602	Blue Cross Blue Shield of Texas	\$(42,520,126.48)	\$847,576,028.58	\$87,258.34	\$(1,482,732.67)	\$(1,395,474.33)	0.17%
33653	Maine Community Health Options	\$(5,436,511.24)	\$115,933,864.84	\$1,047.61	\$(294.00)	\$753.61	0.00%
33871	Keystone Health Plan East	\$(11,005,189.74)	\$238,188,452.93	\$93,722.00	\$(2,271,134.54)	\$(2,177,412.54)	0.96%
35783	Humana Medical Plan, Inc.	\$(19,071,997.45)	\$441,588,819.73	\$2,354.02	\$(50,273.22)	\$(47,919.20)	0.01%
36096	Blue Cross Blue Shield of Illinois	\$(18,173,136.34)	\$270,578,673.10	\$25,022.68	\$(342,657.32)	\$(317,634.64)	0.13%
38345	Dean Health Plan	\$(2,635,499.41)	\$53,317,941.89	\$1,557.17	\$(32,597.75)	\$(31,040.58)	0.06%
45786	Molina Healthcare of Texas	\$(167,434.88)	\$2,823,456.87	\$2,295.00	\$(34,995.56)	\$(32,700.56)	1.23%
48396	Anthem Health Plans of ME (Anthem BCBS)	\$(960,480.32)	\$16,859,176.62	\$(699.29)	\$517.92	\$(181.37)	0.00%
49046	Blue Cross and Blue Shield of GA, Inc	\$(5,035,038.77)	\$114,264,543.86	\$(3,830.99)	\$21,616.18	\$17,785.19	0.02%
51485	Health Net Life Insurance Company	\$(2,636,440.59)	\$35,972,624.47	\$44.65	\$(694.00)	\$(649.35)	0.00%
52664	Summa Insurance Company, Inc.	\$(497,152.16)	\$8,253,123.68	\$(231.96)	\$522.00	\$290.04	0.00%
53901	Blue Cross Blue Shield of Arizona, Inc.	\$(1,856,893.00)	\$20,997,006.51	\$94.87	\$(406.00)	\$(311.13)	0.00%
57451	Coventry Health Care of Florida, Inc.	\$(21,426,980.56)	\$528,532,131.97	\$4,160.19	\$(169,547.57)	\$(165,387.38)	0.03%
61589	Blue Cross of Idaho Health Service, Inc.	\$(149,515,359.29)	\$105,988,531.97	\$0.00	\$(461.00)	\$(461.00)	0.00%
67577	Alliance Health and Life Insurance Company	\$(235,148.16)	\$3,345,956.15	\$190.26	\$0.00	\$190.26	0.01%
71837	Sendero Health Plans, Inc.	\$(373,497.59)	\$7,958,828.93	\$760.78	\$(15,104.68)	\$(14,343.90)	0.19%
77552	CareSource	\$(2,964,378.43)	\$52,412,271.77	\$9,098.70	\$(128,974.62)	\$(119,875.92)	0.24%
83761	Alliant Health Plans, Inc.	\$(802,903.52)	\$17,533,184.44	\$556.87	\$(12,507.96)	\$(11,951.09)	0.07%

⁵ Total user fee amounts are calculated at the onset of the audits.

⁶ Total APTC payment amounts are calculated at the onset of the audits.

FFE Audit Results – 2014							
HIOS ID	Issuer Name	BY2014 User Fees Paid ⁵	BY 2014 APTC Payment Amount ⁶	User Fee Adjustment	APTC Adjustment	Net Issuer Adjustment	Net Impact as a % of Total Payment
87571	Blue Cross Blue Shield of Oklahoma	\$(4,956,273.49)	\$86,476,598.46	\$8,768.19	\$(142,648.16)	\$(133,879.97)	0.16%
88380	HealthKeepers, Inc (Anthem BCBS)	\$(7,994,135.37)	\$151,055,837.00	\$(6,260.28)	\$1,192.04	\$(5,068.24)	0.00%
91762	AmeriHealth Ins Company of New Jersey	\$(9,726,619.08)	\$181,312,295.56	\$19,621.85	\$(281,130.53)	\$(261,508.68)	0.15%
93332	Humana Employers Health Plan of Georgia, Inc.	\$(21,738,671.83)	\$482,394,606.42	\$1,079.47	\$(30,293.25)	\$(29,213.78)	0.01%
99663	Coventry Health Care of Virginia, Inc.	\$(2,257,601.01)	\$43,449,167.68	\$72.69	\$(7,790.80)	\$(7,718.11)	0.02%
99969	Medical Health Insuring Corporation of Ohio	\$(5,301,263.50)	\$85,854,700.52	\$1,009.05	\$(27,346.44)	\$(26,337.39)	0.03%

Table 6: BY 2015 APTC & FFE UF Audit Financial Impact by Issuer

FFE Audit Results – 2015							
HIOS ID	Issuer Name	BY2015 User Fees Paid ⁷	BY 2015 APTC Payment Amount ⁸	User Fee Adjustment	APTC Adjustment	Net Issuer Adjustment	Net Impact as a % of Total Payment
11512	Blue Cross and Blue Shield of NC	\$(50,350,308.44)	\$1,008,831,166.04	\$(15,383.00)	\$(27,207.75)	\$(42,590.75)	0.00%
29211	Time Insurance Company	\$0.00	\$11,579,547.93	\$0.00	\$(0.61)	\$(0.61)	0.00%
29241	Priority Health Insurance Company	\$(584,653.79)	\$8,845,713.89	\$22,194.25	\$(189,356.53)	\$(167,162.28)	2.02%
29698	Priority Health	\$(5,297,812.20)	\$92,003,762.35	\$216,850.78	\$(2,562,601.50)	\$(2,345,750.72)	2.71%
30252	Health Options Inc.	\$(14,369,532.28)	\$270,312,617.86	\$17,690.36	\$(321,557.24)	\$(303,866.88)	0.12%
32673	Humana, Inc.	\$(9,603,269.67)	\$183,862,147.70	\$204,391.43	\$(1,504,413.15)	\$(1,300,021.72)	0.75%
33602	Blue Cross Blue Shield of Texas	\$(75,948,389.09)	\$1,415,770,311.01	\$42,928.29	\$(948,412.84)	\$(905,484.55)	0.07%
33709	Highmark Health Services	\$(17,121,567.70)	\$255,589,757.12	\$(65,390.28)	\$(314,409.77)	\$(379,800.05)	0.16%
33871	Keystone Health Plan East Inc.	\$(12,304,502.78)	\$203,051,702.97	\$775.43	\$(651,774.94)	\$(650,999.51)	0.34%
34762	Blue Cross and Blue Shield of Kansas City	\$(2,876,800.90)	\$50,265,718.72	\$(166.37)	\$135,127.41	\$134,961.04	0.28%
36096	Blue Cross Blue Shield of Illinois	\$(29,309,014.72)	\$414,989,749.02	\$6,688.92	\$(163,367.01)	\$(156,678.09)	0.04%
37651	HAP	\$(858,304.82)	\$11,381,149.89	\$3,465.58	\$(46,374.59)	\$(42,909.01)	0.41%
44240	Coventry Health and Life	\$(8,307,676.55)	\$173,143,309.09	\$(6,880.73)	\$182,724.48	\$175,843.75	0.11%
44527	Coventry Health & Life Insurance Co.	\$(7,496,453.59)	\$152,531,126.09	\$(11,281.88)	\$315,714.53	\$304,432.65	0.21%
46944	Blue Cross and Blue Shield of Alabama	\$(15,507,764.08)	\$300,532,645.77	\$3,217.56	\$(139,562.08)	\$(136,344.52)	0.05%
53789	Keystone Health Plan Central	\$(247,489.79)	\$2,480,267.87	\$1,510.36	\$(12,945.79)	\$(11,435.43)	0.51%
54172	Molina Healthcare of Florida Inc	\$(20,669,029.79)	\$517,465,428.78	\$39,198.27	\$(392,572.12)	\$(353,373.85)	0.07%

⁷ Total user fee amounts are calculated at the onset of the audits.

⁸ Total APTC payment amounts are calculated at the onset of the audits.

FFE Audit Results – 2015							
HIOS ID	Issuer Name	BY2015 User Fees Paid ⁷	BY 2015 APTC Payment Amount ⁸	User Fee Adjustment	APTC Adjustment	Net Issuer Adjustment	Net Impact as a % of Total Payment
54332	UnitedHealth Group, Inc.	\$(8,402,987.93)	\$175,899,517.31	\$9,474.79	\$47,272.98	\$56,747.77	0.03%
55409	Cigna Health and Life Insurance Company	\$(3,947,686.13)	\$48,750,506.33	\$316.91	\$(34,831.97)	\$(34,515.06)	0.08%
56346	Coventry Health Care of the Carolinas Inc.	\$(12,704,852.75)	\$278,963,560.70	\$(6,771.61)	\$222,062.53	\$215,290.92	0.08%
57173	Presbyterian Health Plan	\$0.00	\$9,786,080.12	\$0.00	\$(9,240.34)	\$(9,240.34)	0.09%
57451	Coventry Health Care of Florida Inc.	\$(26,556,859.68)	\$598,050,320.41	\$(33,016.25)	\$952,224.96	\$919,208.71	0.16%
62662	Time Insurance Company	\$(6,893,048.51)	\$117,077,203.56	\$364.94	\$(12,825.61)	\$(12,460.67)	0.01%
63141	Humana Insurance Company	\$(883,467.91)	\$12,899,733.20	\$151.54	\$(168,724.25)	\$(168,572.71)	1.40%
68398	UnitedHealthcare of Florida, Inc.	\$(19,309,027.60)	\$368,295,882.46	\$17,254.28	\$106,437.74	\$123,692.02	0.04%
73836	Moda Health Plan Inc.	\$(2,893,194.12)	\$66,899,861.16	\$(67,094.96)	\$612,711.42	\$545,616.46	0.85%
75605	Blue Cross Blue Shield of New Mexico	\$0.00	\$28,758,193.03	\$0.00	\$(12,440.99)	\$(12,440.99)	0.04%
87571	Blue Cross Blue Shield of Oklahoma	\$(11,458,233.91)	\$193,140,060.11	\$4,801.32	\$(109,704.91)	\$(104,903.59)	0.06%
89942	Kaiser Foundation Health Plan of Georgia	\$(1,680,441.26)	\$28,170,645.78	\$(88,787.80)	\$609,583.99	\$520,796.19	1.97%
91661	Horizon Healthcare Services Inc.	\$(19,956,369.18)	\$322,123,282.89	\$65,279.12	\$(1,536,380.77)	\$(1,471,101.65)	0.49%
94237	Magnolia Health Plan	\$(3,103,081.76)	\$74,005,776.08	\$2,141.74	\$(46,293.42)	\$(44,151.68)	0.06%
94248	Blue Cross and Blue Shield of Kansas City	\$(740,846.88)	\$9,636,345.20	\$(13.90)	\$26,311.51	\$26,297.61	0.30%
95185	Kaiser Foundation Health Plan of the Mid-Atlantic States	\$(5,458,986.39)	\$109,553,003.61	\$(191,929.63)	\$1,089,955.18	\$898,025.55	0.86%
97176	Louisiana Health Service & Indemnity Company	\$(6,872,400.01)	\$117,044,222.28	\$8,980.52	\$(122,851.11)	\$(113,870.59)	0.10%
98185	Blue Care Network of Michigan	\$(15,407,672.06)	\$276,288,140.15	\$1,758.91	\$(499,152.07)	\$(497,393.16)	0.19%