

Press Releases Mar 10, 2025

CMS Takes Aim to Reduce Improper Enrollments and Promote More Affordable Health Insurance Marketplaces for Millions of Consumers

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Today, the Centers for Medicare & Medicaid Services (CMS) released a proposed rule to address the troubling amount of improper enrollments impacting Affordable Care Act (ACA) Health Insurance Marketplaces across the country. CMS' 2025 Marketplace Integrity and Affordability Proposed Rule includes proposals that take critical and necessary steps to protect people from being enrolled in Marketplace coverage without their knowledge or consent, promote stable and affordable health insurance markets, and ensure taxpayer dollars fund financial assistance only for the people the ACA set out to support.

Over the last four years, access to fully subsidized premiums from the temporary increase in financial assistance enacted in 2021 — and the elimination of commonsense eligibility verification processes — greatly increased the opportunity and incentive for improper enrollments. As a result, the number of applications submitted to HealthCare.gov with information that failed to match federal data sources began increasing substantially in 2021. By 2022, the number of applications with data matching issues rose to 6.3 million, up from 2.6 million in 2020.

After the 2023 benefit year closed, CMS began receiving a dramatic uptick in complaints from consumers who claimed they had been enrolled in Marketplace coverage without their consent. Research suggests 4 to 5 million people were improperly enrolled in subsidized ACA coverage in 2024, costing federal taxpayers up to \$20 billion.[\[1\]](#)

CMS' proposed rule aims to take decisive action to root out these improper enrollments from the ACA's Health Insurance Marketplaces. It is estimated that, if fully implemented, these actions will reduce improper federal spending on advance payments of the premium tax credit by \$11 billion to \$14 billion in 2027.

The rule proposes changes to address improper enrollments, to help people maintain continuous coverage, and to improve the risk pool. CMS expects these proposals will provide premium relief to middle class families who do not qualify for federal premium subsidies and reduce the burden of the ACA premium subsidy expenditures to the federal taxpayer. Major provisions of the proposed rule include:

- Ending the availability of the monthly special enrollment period (SEP) for individuals with household incomes below 150% of the federal poverty level (FPL) — a policy that currently allows people to wait to enroll until they become sick instead of promoting continuous enrollment that fosters prevention and better health outcomes.
- Strengthening verifications by requiring all Marketplaces to reinstitute pre-enrollment verifications of eligibility for SEPs and require further verifications of income when there is no tax data available for verification.
- To protect against consumers being enrolled without their knowledge and consent, the rule proposes that when an enrollee does not proactively verify their ongoing eligibility for a fully subsidized plan, Marketplaces must continue to re-enroll that individual into the same plan, but must also reduce the amount of advance payment of the premium tax credit by \$5. This will require the enrollee to take an active step and pay a nominal \$5 monthly premium until they confirm or update their eligibility determination, ensuring they are aware of their enrollment in this coverage.
- In addition, to ensure consumers maintain continuous coverage into the new year, the rule proposes to shorten the annual Open Enrollment Period for

individual market coverage offered through the ACA Marketplaces by ending it on December 15.

This proposed rule also makes important strides in carrying out Administration priorities.

- CMS proposes a policy that would add sex-trait modification to the list of items and services that may not be covered as essential health benefits beginning in plan year 2026.
- To advance President Trump’s EO on [Ending Taxpayer Subsidization of Open Borders](#), the proposed rule would also revert to a previous definition of “lawfully present” that excludes Deferred Action for Childhood Arrivals (DACA) recipients for purposes of enrolling in Marketplace coverage. Returning to this previous definition, in effect from 2010 to 2024, would ensure that taxpayer dollars to subsidize ACA coverage go only to lawfully present consumers who are eligible to enroll in subsidized coverage through the Marketplaces.

View the 2025 Marketplace Integrity and Affordability Proposed Rule (CMS-9884-P) here: <https://www.cms.gov/files/document/MarketplacePIRule2025.pdf>

For additional information on the rule and its proposals, view the CMS fact sheet: <https://www.cms.gov/newsroom/fact-sheets/2025-marketplace-integrity-and-affordability-proposed-rule>

[1] <https://paragoninstitute.org/private-health/the-great-obamacare-enrollment-fraud/>.

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