

ANTIFRAUD (D) TASK FORCE

Antifraud (D) Task Force Nov. 18, 2024, Minutes

Antifraud (D) Task Force e-Vote Oct. 31, 2024, Minutes (Attachment One)

Improper Marketing of Health Insurance (D) Working Group Nov. 18, 2024, Minutes (Attachment Two)

Draft Pending Adoption

Draft: 11/21/24

Antifraud (D) Task Force
Denver, Colorado
November 18, 2024

The Antifraud (D) Task Force met in Denver, CO, Nov. 18, 2024. The following Task Force members participated: John F. King, Chair (GA); Trinidad Navarro, Vice Chair (DE); Lori K. Wing-Heier represented by Alex Romero (AK); Barabara D. Richardson represented by Lori Dreaver Munn (AZ); Ricardo Lara represented by Charlene Ferguson (CA); Andrew N. Mais represented by Kurt Swan (CT); Karima M. Woods represented by Michael Ross (DC); Michael Yaworsky represented by Sheryl Parker (FL); Gordon I. Ito represented by Jerry Bump (HI); Dean L. Cameron represented by Randy Pipal (ID); Sharon P. Clark represented by Shawn Boggs (KY); Timothy J. Temple represented by Nathan Strebeck (LA); Grace Arnold represented by T.J. Patton (MN); Mike Chaney represented by John Hornback (MS); Eric Dunning represented by Martin Swanson (NE); Justin Zimmerman represented by Richard Besser (NJ); Alice T. Kane represented by Alexia Emmerman (NM); Scott Kipper represented by David Cassetty (NV); Glen Mulready represented by Rick Wagnon (OK); Andrew R. Stolfi represented Cassie Soucy (OR); Michael Humphreys represented by David Buono (PA); Elizabeth Kelleher Dwyer represented by Matt Gendron (RI); Michael Wise represented Melissa Manning (SC); Larry D. Deiter represented by Justin Underwood (SD); Cassie Brown represented by Matthew Tarpley (TX); Jon Pike represented by Armand Glick (UT); and Scott A. White represented by Juan Rodriguez Jr. and Richard Tozer (VA)

1. Adopted its October 31 and Summer National Meeting Minutes

The Task Force conducted an e-vote that concluded Oct. 31 to adopt its 2025 proposed charges.

Navarro made a motion, seconded by Patton, to adopt the Task Force's Oct. 31 (Attachment One) and Aug. 14 minutes (*see NAIC Proceedings – Summer 2024, Antifraud (D) Task Force*). The motion passed unanimously.

2. Discussed its 2025 Charges

Commissioner King said the Task Force conducted an e-vote that concluded Oct. 31 to adopt its 2025 proposed charges (*see NAIC Proceedings – Fall 2024, Market Regulation and Consumer Affairs (D) Committee, Attachment One*). He said the charges will be presented to the Market Regulation and Consumer Affairs (D) Committee during the Fall National Meeting. Commissioner King said during the process of adopting the charges, he met with Commissioner Navarro, Commissioner White, Commissioner Pike, Glick, and NAIC staff to discuss potential additional edits on the charges and priorities for the Task Force. He said due to the timing of this meeting, those edits were not included in the initial review of the charges that were adopted. Commissioner King said he will discuss with Commissioner Navarro and NAIC staff to review the suggestions. He said the Task Force will expose the suggestions for a public comment period and potentially consider adoption prior to the Commissioners' Conference in February.

3. Heard a Presentation from the Academy on the Impacts on Premiums and Claim Costs.

Richard Gibson (American Academy of Actuaries—Academy) said the Academy is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues.

Gibson said the estimated annual cost of fraud is in the billions. He said the insurance fraud categories include claim fraud, premium fraud, third-party fraud, insurer fraud, and agent fraud. He said the common types are

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witnessed with stated auto accidents, inflated property claims, arson for profit, slip-and-fall scams, and workers' compensation fraud. The impact of this fraud affects different groups with regard to affordability issues, consumers with cultural or language barriers, and vulnerable or unsuspecting individuals. Gibson said the goal as actuaries is to provide insights and the ability to apply analytics to solve insurance and risk management problems. He said the data that they collect provides details regarding what portion of claims are referred to special investigations units (SIUs) and what portion of the claims referred to SIUs resulted in paid claims. Gibson said the Academy states that fraud has important public policy considerations, there are many ways bad actors commit insurance fraud, there are some parts of society disproportionately impacted by how fraud is taking place, and there is a need to create broader awareness among activities.

4. Adopted the Report of the Improper Marketing of Health Insurance (D) Working Group

Swanson said the Working Group met Nov. 18. During this meeting, the Working Group adopted its Summer National Meeting minutes. He said the Working Group heard from the federal Centers for Medicare & Medicaid Services (CMS) regarding what consumers are experiencing with continued agent transfers issues. The Working Group discussed the updates that CMS has implemented to protect consumers with the agent transfer issues. Swanson said the Working Group also heard from CMS concerning Special Enrollment Period (SEP) issues and other Medicare Advantage Open Enrollment issues. Lastly, the Working Group heard a presentation from Health Agents for America (HAFA) regarding the CMS process, which has caused agents to face actions without due process or a formal appeal procedure. The result is the immediate loss of their capabilities as an agent.

Swanson made a motion, seconded by Navarro, to adopt the report of the Improper Marketing of Health Insurance (D) Working Group (Attachment Two). The motion passed unanimously.

5. Received an Update from the Antifraud Technology (D) Working Group

Glick said the Working Group has been working with NAIC staff to implement the revised Online Fraud Reporting System (OFRS) web service in states. He said the Working Group plans to meet next year to discuss the current fields found within the National Insurance Crime Bureau (NICB) reporting system and the fields that fraud directors want within the OFRS. Glick said he will begin reviewing the suggestions submitted for enhancements to the OFRS. He said the Working Group will discuss the enhancements to determine those that will be implemented into the OFRS. Glick said the Working Group will continue working with NAIC staff to finalize the Antifraud Plan Repository.

6. Heard Reports From Interested Parties

A. CAIF

Brent Walker (Coalition Against Fraud—CAIF) said the CAIF recently returned from Singapore for the Global Insurance Fraud Summit. Walker said the CAIF will hold its end of year meeting on Dec. 9. Walker said the CAIF has continued to focus on the psychological study that indicates that a majority of consumers do not think insurance fraud is wrong. He said the CAIF hopes that with additional education, they can influence consumers to understand the issues that insurance fraud causes. Lastly, Walker said the CAIF will be focusing on legislative priorities and advised states to reach out if the CAIF can provide any assistance.

B. NICB

Craig Sepich (National Insurance Crime Bureau—NICB) said the NICB has continued working with NAIC staff on the OFRS implementation and enhancements. He said the NICB has been working with states regarding towing abuse cases occurring across the nation. Sepich said auto insurance costs are on the rise, which can be attributed to towing costs. He said the NICB has been working with states to implement legislation to prevent towing abuse.

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Sepich said the NICB is also monitoring synthetic identity theft, which involves combining multiple pieces of personally identifiable information (PII) to fabricate a person or entity for financial gain. Sepich said the fake identities are used for vehicle rentals; falsification of documents, including insurance policies, counterfeit vehicle identification numbers, and cargo manifests; and falsification of damages and invoices for repairs. Additionally, Sepich said the NICB has been working on post-catastrophic event responses. During Hurricanes Helene and Milton, the NICB assisted with the facilitation of timely exchange of critical information, raised public awareness of insurance fraud schemes, and aided in general life-savings efforts. He said the NICB's goal is to serve first responders, law enforcement, member companies, and communities.

Having no further business, the Antifraud (D) Task Force adjourned.

<https://naiconline.sharepoint.com/sites/NAISupportStaffHub/Member%20Meetings/D%20CMTE/2024%20Fall/AFTF/Minutes/AFTF%2011.18.24%20Minutes.docx>

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Antifraud (D) Task Force
E-Vote
October 31, 2024

The following Task Force members participated: John F. King, Chair (GA); Trinidad Navarro represented by Susan Jennette, Vice Chair (DE); Lori K. Wing-Heier represented by Alex Romero (AK); Alan McClain represented by Russ Galbraith (AR); Barbara D. Richardson represented by Paul Hill (AZ); Andrew N. Mais represented by Kurt Swan (CT); Michael Yaworsky represented by Sheryl Parker (FL); Doug Ommen represented by Andria Seip (IA); Dean L. Cameron represented by Randy Pipal (ID); Sharon P. Clark represented by Juan Garret (KY); Vicki Shmidt represented by John Eichkorn (KS); Marie Grant represented by Jessica Blackmon (MD); Grace Arnold represented by Theodore Patton and Tony Ofstead (MN); Eric Dunning represented Martin Swanson (NE); Justin Zimmerman represented by Richard Besser (NJ); Jennifer A. Catechis represented by Leatrice Geckler and Roberta Bacca (NM); Scott Kipper represented by Lexia M. Emmermann (NV); Glen Mulready represented by Rick Wagon (OK); Andrew R. Stolfi represented by Dorothy Bean (OR); Michael Humphreys represented by David Buono (PA); Michael Wise represented by Patrick Smock (RI); Michael Wise represented by Josh Underwood (SC); Cassie Brown represented by Christopher Davis (TX); Jon Pike represented by Armand Glick (UT); and Scott A. White represented by Richard Tozer (VA).

1. Adopted its 2025 Proposed Charges

The Task Force considered the adoption of its 2025 proposed charges. A majority of the Task Force members voted in favor of adopting the Task Force's 2025 proposed charges. The motion passed.

Having no further business, the Antifraud (D) Task Force adjourned.

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Improper Marketing of Health Insurance (D) Working Group
Denver, Colorado
November 18, 2024

The Improper Marketing of Health Insurance (D) Working Group of the Antifraud (D) Task Force met in Denver, CO, Nov. 18, 2024. The following Working Group members participated: Martin Swanson, Chair (NE); David Buono, Vice Chair (PA); Teri Ann Mecca (AR); Maria Ailor (AZ); Kurt Swan (CT); Susan Jennette (DE); Andria Seip (IA); Erica Weyhenmeyer (IL); Craig VanAalst (KS); Joseph Garcia (MI); T.J. Patton (MN); Amy Hoyt (MO); Patrick Smock (RI); Jill Kruger and Travis Jordan (SD); Matthew Tarpley (TX); John Haworth (WA); and Bryan Stevens (WY).

1. Adopted its Summer National Meeting Minutes

Jordan made a motion, seconded by Smock, to adopt the Working Group's Aug. 14 minutes (*see NAIC Proceedings – Summer 2024, Antifraud (D) Task Force, Attachment One*). The motion passed unanimously.

2. Discussed Unauthorized Agent Transfer Issues

Swanson said the Working Group asked the federal Centers for Medicare & Medicaid Services (CMS) to provide an update on efforts regarding unauthorized agent transfer issues.

Gina Zdanowicz (CMS) stated that CMS has been making efforts to address agent transfer issues. Zdanowicz said management is leading the agent broker consumer quality initiative, which started in January. Zdanowicz said CMS has made system changes to address unauthorized agent activity and has witnessed a decrease in consumer complaints. She said agents and brokers have expressed concerns and are working with CMS to make necessary adjustments to the process. Zdanowicz said CMS has an infographic that can be distributed that may be useful for the states. The Working Group discussed and agreed that receiving more detail from CMS to streamline the process would assist states that may not have the same number of staff as other states.

3. Heard an Update from CMS on SEP and other Medicare Advantage Open Enrollment Issues

Molly Turco (CMS) said CMS has continued to work with states to maintain consumer protection, specifically regarding Special Enrollment Period (SEP) and Medicare Advantage Open Enrollment issues. She said CMS is working with the Federal Trade Commission (FTC) to address misleading marketing and suspending marketplace agreements for agents and brokers. Turco said they have also implemented changes to protect Medicare beneficiaries from misleading marketing and to ensure that accurate information for coverage choices is available. She stated that CMS is exploring new data collection methods to track problem behavior and is working on a frequently asked questions document and updated information for stakeholders.

4. Heard a Presentation from HAFA on CMS-Enabled EDE

Ronnell Nolan (Health Agents of America, Inc.—HAFA) and James Napoli (Diceros Law) said the CMS-enabled Enhanced Direct Enrollment (EDE) operates with minimal information requirements, including name, date of birth, and state, creating vulnerability that could potentially be addressed to mitigate fraud but remains unsolved. Nolan said CMS is utilizing algorithms that contact inherent flaws, disproportionately impacting minority agents and the communities they serve. Nolan said agents are being targeted by CMS and considered guilty without being afforded the opportunity to prove their innocence. Nolan said agents face actions without due process or a formal

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appeal procedure, resulting in the immediate loss of their capabilities as agents. She said CMS is targeting reputable agents to increase the number of agents whose certifications have been revoked. Nolan said there is a concern because there are honest, compliant, non-fraudulent agents. This has resulted in CMS reporting inaccurate figures.

Nolan said HAFA developed a fraud reporting tool designed to support state fraud departments and CMS in targeting unethical agents. She said states have been responsive in their discussions with HAFA. Nolan said CMS appears to have chosen a path toward censoring agents instead of fixing the root of the problem.

Buono said the issue stems from bad agents taking advantage of the CMS process. The states and CMS have worked to combat these bad actors and have already made appropriate changes in the process to help stop them. Buono said it is important for everyone to take away that while these serious issues must be addressed, CMS does not cause them. Buono said CMS needs to make adjustments and said CMS is working with states to address these problems. The Working Group agreed that Nolan should follow up with the Working Group to ensure further discussions on this matter.

Having no further business, the Improper Marketing of Health Insurance (D) Working Group adjourned.

<https://naiconline.sharepoint.com/sites/NAISupportStaffHub/Member%20Meetings/D%20CMTE/2024%20Fall/AFTF/Minutes/IMHIWG%2011.18.24%20Minutes.docx>