

ANTIFRAUD (D) TASK FORCE

Antifraud (D) Task Force Aug. 3, 2020, Minutes

Antifraud (D) Task Force May 20, 2020, Minutes (Attachment One)

Draft Pending Adoption

Draft: 8/19/20

Antifraud (D) Task Force
Virtual Summer National Meeting
August 3, 2020

The Antifraud (D) Task Force met via conference call Aug. 3, 2020. The following Task Force members participated: Trinidad Navarro, Chair (DE); Jillian Froment, Vice Chair, represented by Michelle Brugh Rafeld (OH); Lori K. Wing-Heier represented by Alex Romero (AK); Alan McClain represented by Paul Keller; Ricardo Lara represented by George Mueller (CA); Michael Conway represented by Damion Hughes (CO); Andrew N. Mais represented by Kurt Swan (CT); Dean L Cameron represented by Randel Pipal (ID); Doug Ommen represented by Scott Rupp (IA); Vicki Schmidt represented by Nicole Turner (KS); Sharon P. Clark (KY); James J. Donelon represented by Matthew Stewart (LA); Kathleen A. Birrane represented by Steve Wright (MD); Anita G. Fox represented by Lee McCallister (MI); Steve Kelley represented by Michael Marben (MN); Chlora Lindley-Myers represented by Carrie Couch (MO); Mike Chaney represented by John Hornback (MS); Matthew Rosendale represented by Jeannie Keller (MT); Mike Causey represented by Tracy Biehn (NC); Jon Godfread represented by JR Arnold (ND); Bruce R. Ramge represented by Martin Swanson and Peg Jasa (NE); Marlene Caride represented by Richard Besser (NJ); Russell Toal represented by (NM); Barbara D. Richardson represented by Tim Gahn (NV); Glen Mulready represented by Rick Wagon (OK); Andrew R. Stolfi represented by Stephanie Noren (OR); Kent Sullivan represented by Christopher Davis and Kyson Johnson (TX); Todd E. Kiser represented by Armand Glick (UT); and Scott A. White represented by Mike Beavers (VA). Also participating was David Altmaier represented by Simon Blank (FL).

1. Adopted its May 20 Minutes

Mr. Beavers made a motion, seconded by Mr. Mueller, to adopt the Task Force's May 20 minutes (Attachment One). The motion passed unanimously.

2. Discussed State Activity Concerning COVID-19

Commissioner Navarro said the Task Force has continued to collaborate with the states, industry and antifraud organizations to monitor potential insurance fraud resulting from the COVID-19 pandemic. He said the Task Force met May 20 and took the following action: 1) discussed the COVID-19 pandemic; and 2) heard updates from California, Delaware, Florida, Ohio and antifraud organizations—the Coalition Against Insurance Fraud (CAIF) and the National Insurance Crime Bureau (NICB). He said during this meeting the Task Force will hear updates from California, Florida, Texas, the CAIF and the NICB.

a. California DOI

Mr. Mueller said the California Department of Insurance (DOI) has reached out to 58 counties regarding the COVID-19 pandemic. He said the DOI has sent mailings to approximately 88 contacts in those counties to assist with promoting awareness on potential insurance fraud due to COVID-19. He said these alerts address possible threats of fraudsters scamming the public with different types of fraud, including email phishing. These alerts were sent out in English and Spanish formats to hit a wider range of the public. Mr. Mueller said the DOI's communications department has been using Twitter and Instagram for social media distribution, which has helped widen its audience. He said the DOI has also used local newspapers to help educate the public. He said the DOI has used the CAIF info-graphic tools on the California website, and it has received great feedback. He said the DOI has put a lot of focus on small businesses, with the purpose to educate them on potential fraud. He said the DOI has utilized public forums to bring awareness, and it has even been on the Dr. Phil show to discuss potential fraud that may be experienced during the pandemic. He said the DOI will continue to monitor fraud trends and bring awareness to the public.

b. Texas DOI

Mr. Johnson said the Texas DOI has made big steps towards public outreach to both consumers and industry. He said the Texas DOI website has been made into a robust source of information concerning potential insurance fraud from COVID-19. He said the DOI has also utilized social media to help educate the public as much as possible about possible fraud schemes.

Mr. Johnson said the DOI has not received many insurance fraud referrals specific to COVID. He said since February, there have been approximately 50 fraud referrals that could be directly related to COVID-19. He said overall, the insurance fraud trends to date have been tracking along about the same as previous years.

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c. Florida Office of Insurance Regulation

Mr. Blank said the Florida DOI has seen a decrease in fraud during the COVID-19 pandemic. He said if anything, the past six months have remained consistent with the types of fraud referrals it is receiving; it has just been at a lower rate. He said some of the types of fraud the DOI is witnessing are workers' compensation and other injuries due to the restrictions of staying at home brought on by COVID-19. He said the DOI has also seen a 25% decrease in health care fraud. He said the expectation was that fraud would increase, but at this time, the DOI is seeing the opposite. He said regarding the fraud that the DOI is beginning to watch more closely, there seems to be a parallel between COVID-19 and substance abuse treatments. The DOI is tracking this area for additional action to be take. Mr. Blank said the DOI is working with partners in the federal arena to continue with cases and arrests. He said the DOI will continue monitoring, and it will be waiting to see how COVID-19 will affect the state in the long term. He said the DOI will continue to collaborate with the Task Force and share any new trends that come about in the future.

d. CAIF

Matthew J. Smith (CAIF) said from what the CAIF has been tracking, all indications show that the insurance fraud cases have remained consistent as in previous years. He said this could be due to a lag in reporting that has been brought on by COIVD-19. He said the CAIF is monitoring the fraud trends to see what the long term will bring. He said the CAIF has been reviewing the current pandemic compared to the Great Recession. During this time, there was a significant spike in insurance fraud due to the recession, and that data indicates that we will see the same due to the economic decline caused by COVID-19. Mr. Smith said the CAIF will be rolling out a survey to the fraud directors in effort to collect data from the states concerning fraud during the COVID-19 pandemic. The survey will be issued out to the states' fraud directors in September, and then the CAIF will follow up six months later. Mr. Smith said the information collected will be confidential and not public information. He said the CAIF is tracking the ability to use artificial intelligence (AI) to track fraud occurrences during the pandemic, and the survey will also collect this information.

3. Received an Update from the Antifraud Education Enhancement (D) Working Group

Ms. Rafeld said during the month of June, with the assistance of Nationwide's SIU Major Case Director, Steve Bodge, the Antifraud Education Enhancement (D) Working Group updated and finalized the content of the Private Sector Field Safety Course. The webinar will take place Aug. 26. Ms. Rafeld said in addition to the Private Sector Field Safety Course, fraud directors from California, Delaware, Ohio, Oklahoma, Nevada and Utah met via conference call on several occasions over the past two months to revise and finalize the content of the NAIC's Investigator Safety Training program. The program was initially offered years ago, then it was incorporated as part of the Basic Fraud Investigations Course offered by the NAIC. Ms. Rafeld said the Working Group felt it would be beneficial to offer the course in 2020. The course has been updated to touch on significant safety issues, especially regarding COVID-19. The Working Group believes the new content incorporated into the program will be beneficial to all investigative staff members, regardless of the number of years they have been investigating agent misconduct and insurance fraud. The NAIC Investigator Safety Training Program will be held Sept. 30 at a time to be determined in the future. The Working Group will make sure all members of the Task Force receive the training announcement once it is published by the NAIC Education & Training Department. Ms. Rafeld said the Working Group is also looking to schedule additional investigative courses that would benefit both state and private industry investigators.

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

Mr. Glick said the Antifraud Technology D) Working Group has two projects it has been working on or monitoring. The first is the Online Fraud Reporting System (OFRS) Redesign Project being worked on by NAIC staff. Mr. Glick said the NAIC is finalizing the conversion of the existing system over to the new platform. When finished, the OFRS will be on a new platform with its current level of functionality. Mr. Glick said the Working Group will then have the opportunity to present changes and enhancements to the platform to add increased functionality in the future. He said the NAIC is planning a demo for the new platform at the NAIC Insurance Summit in September. He said the second project is the creation of a single point online repository for insurers to submit their antifraud plans to each state. The Working Group previously decided that it made sense to first evaluate the existing 2011 *Antifraud Plan Guideline* (#1690) to determine if updates are necessary. Mr. Glick said he, Ms. Rafeld and NAIC staff have been working with a small group of fraud directors to complete a draft revising Guideline #1690. Mr. Glick said the focus has been to reorganize the guideline into a more intuitive order, to eliminate repetitive requirements within the existing guidelines, and add suggestions that will better meet existing requirements for nearly all states. He said they have also tried to incorporate suggestions from industry and other interested parties into these guidelines. The intent of the revision was to not only update the guidelines, but to also better enable the future creation of electronic submission

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data fields that insurers can fill out as part of their submission of antifraud plans when the repository is created. Mr. Glick said the draft will be sent out for review, and a comment period will be set for the members to submit their suggestions.

5. Heard Reports from Antifraud Organizations Concerning Insurance Fraud Related to COVID-19

a. CAIF

Mr. Smith said things continue to go well with the CAIF. He said Jim Quiggle, Senior Communications Director, will be retiring, and the CAIF has hired Arinze Ifekauche to step in as the new Communications Director. Mr. Smith said the CAIF has been monitoring state activity, and to date, there have been 26 laws that have passed. He said compared to previous years, that is much lower; however, there is still movement in the right direction. He said, as he mentioned previously, the CAIF will be issuing a survey out to the states that tracks fraud, including the use of AI to fight insurance fraud. This survey will be issued out to fraud directors in September, and additional follow up will take place six months later. Mr. Smith said the legal affairs is working on developing a model act based on the California and Illinois False Claims Acts. The work on this has just started, so it will be next year before it is completed; however, the CAIF welcomes any input from the state fraud directors. Mr. Smith said the CAIF has also been monitoring work by the National Council of Insurance Legislators (NCOIL) to update a model concerning health care sharing ministries (HCSMs). This would subject the same standards that states have in place with health care sharing. Mr. Smith said lastly, he would like to encourage all states to join the CAIF; membership is free, and all the CAIF's resources would be available for states to utilize.

b. NICB

Alan Haskins (NICB) said the NICB has been monitoring the questionable claims that are coming in, and it is seeing that there is a potential delay for the claims to be filed or potentially not filed at all. He said due to the current nationwide situation with the pandemic, many claims will be paid through the normal insurance process, then they will later be identified as a COVID-19 related claim. He said the NICB is seeing fraudulent activity in the form of organized crime, specific attacks on the elderly regarding identity theft, chiropractic treatment claims, and fraudulent testing sites. He said there has also been a rise on property and auto types of claims, especially with towing and autobody shops. He said towing and autobody shops are charging extra for sanitization of the vehicles due to COVID-19. In addition, due to the economic hardships, which may prohibit some people to make car loan payments, they are seeing a rise in car owner arson. Mr. Haskins said due to the pandemic, the NICB's National Insurance Crime Training Academy (NICTA), has gone 100% virtual and has fraud courses available. He said moving into the next year, the NICB's legislative priority will be to assist the states on many fronts, including potential budget cuts in some states due to the pandemic. He said some of the budget cuts may affect state prosecutors, and the NICB will assist to make sure that these areas have the proper funding to continue fighting insurance fraud.

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

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Draft: 7/23/20

Antifraud (D) Task Force
Conference Call
May 20, 2020

The Antifraud (D) Task Force met via conference call May 20, 2020. The following Task Force members participated: Trinidad Navarro, Chair (DE); Jillian Froment, Vice Chair, represented by Michelle Brugh Rafeld (OH); Lori K. Wing-Heier represented by Alex Romero (AK); Ricardo Lara represented by George Mueller (CA); Michael Conway represented by Damion Hughes (CO); Andrew N. Mais represented by Kurt Swan (CT); Karima M. Woods represented by Phil Comstock (DC); John F. King (GA); Vicki Schmidt represented by Dennis Jones (KS); Sharon P. Clark represented by Juan Garrett (KY); James J. Donelon represented by Matthew Stewart (LA); Anita G. Fox represented by Lee McCallister (MI); Steve Kelley represented by Michael Marben (MN); Chlora Lindley-Myers represented by Marjorie Thompson (MO); Mike Chaney represented by John Hornback (MS); Matthew Rosendale represented by Jeannie Keller (MT); Mike Causey represented by Marty Sumner (NC); Jon Godfread represented by Dale Pittman (ND); Bruce R. Ramge represented by Martin Swanson (NE); Marlene Caride represented by Richard Besser (NJ); Russell Toal and Roberta Baca (NM); Barbara D. Richardson (NV); Glen Mulready represented by Ron Kreiter (OK); Andrew R. Stolfi represented by Stephanie Noren (OR); Kent Sullivan represented by Leah Gillum and Chris Davis (TX); Todd E. Kiser represented by Armand Glick (UT); and Scott A. White represented by Mike Beavers (VA). Also participating were: Frank Pyle (DE); David Altmaier represented by Evangelina Brooks (FL); and Colin M. Hayashida (HI).

1. Adopted its 2019 Fall National Meeting Minutes

Commissioner Richardson made a motion, seconded by Ms. Rafeld, to adopt the Task Force's Dec. 8, 2019, minutes (*see NAIC Proceedings – Fall 2019, Antifraud (D) Task Force*). The motion passed unanimously.

2. Heard Reports from State Fraud Departments Concerning Insurance Fraud Related to COVID-19

Commissioner Navarro said the Task Force has continued to collaborate with the states, industry and antifraud organizations to monitor potential insurance fraud resulting from the COVID-19 pandemic. He advised that to assist with bringing awareness to insurance fraud, the Task Force has asked the states' fraud directors and antifraud organizations to provide an update on what they are experiencing.

a. California DOI

Mr. Mueller said the California Department of Insurance (DOI) has been seeing an uptick in insurance fraud claims this quarter compared to previous quarters. He said the DOI currently has an outreach unit, which includes its communication division devoted to insurance fraud related to COVID-19. He said the DOI has contacted its network partners with the California low cost auto program to assist with insurance fraud awareness. The DOI has telephoned 480 community base organizations to bring awareness. Mr. Mueller said the biggest issue the DOI is seeing is with small businesses, and it has formed special outreach teams to assist in this area. He said the DOI conducted a tele-townhall to assist small businesses, which had approximately 1,500 people attend to receive education. He said the DOI has used the Coalition Against Insurance Fraud (CAIF) info-graphic tools to be used on the California website, and it has received great feedback. He said the DOI has also completed a senior fraud outreach for over 1,000 organizations, providing a town hall meeting to provide education. He said this outreach for senior fraud was completed through email and regular mail, which provided to be very successful.

b. Delaware DOI

Mr. Pyle said Delaware has been partnering with federal and state law enforcement, the U.S. Attorney's Office, the Federal Bureau of Investigation (FBI), and many others to assist with the fight against insurance fraud concerning COVID-19. He said the Delaware DOI created a COVID-19 Antifraud Coalition, which has been invaluable, with many more resources available than other areas. He said the DOI has seen a slight uptick in insurance fraud cases, but nothing specific to COVID-19. He said there are no trends at this time, but the DOI has experienced some cases, including bogus robocalls focused on seniors attempting to get themselves signed up for bogus health plans and bogus assistance offered for individuals that are out of work because of COVID-19. He said Delaware is preparing for upcoming scams concerning fake vaccines for COVID-19. He said there has been some cases that he is aware of concerning the rise in new family pet scams. Due to the rise in families getting new pets because of everyone being stuck at home, these scammers will post potential pets available, request a deposit, and

then the pet is never delivered. He said Delaware will continue monitoring this, as they expect to see more insurance fraud cases relating to COVID-19 in the future.

c. Ohio DOI

Ms. Rafeld said shortly after the pandemic began, Ohio issued a consumer alert warning consumers about all the various scams resulting from COVID-19. She said the Ohio DOI worked with its communications department to get this alert out through social media and local press. She said the DOI has also worked with senior groups to aid with conducting educational events. She said a call was scheduled with the Ohio industry special investigation units to hear what the industry is witnessing and what can be done to assist with collaboration throughout the state. She said the biggest item the DOI have been witnessing concerning COVID-19 is body shop scams. Body shops have been listing additional cleaning fees for vehicles due to COVID-19. She said some body shops are contracting with towing companies to commit a scam, claiming that a vehicle is being inspected for COVID-19 exposure; this vehicle is then towed even when drivable, which creates an additional expense to the consumer. She said the DOI is working with state and federal organizations to assist on these cases. She said the DOI is also witnessing private chiropractor practices providing COVID-19 prevention methods. She said Ohio is instituting COVID-19 safety precautions for their investigators in the field. She said due to the courts being temporarily closed and prosecutors stuck working from home, the DOI is making efforts to work with these prosecutors regarding potential cases taken to court once reopened.

d. Florida Office of Insurance Regulation

Ms. Brooks said the Florida DOI, as of this morning, received a report that there is a small uptick in COVID-19 cases. She said this could be due to many things, including an increase in testing. She said Florida is seeing some of the same issues as other states. She said the DOI has been tracking insurance fraud specific to COVID-19 since January, but it has seen no specific trends at this time. She said Florida has been discussing the liability for homeowner claims from individuals providing service to someone's home and claiming that they have contracted COVID-19. She said the DOI is expecting to see personal injury claims on behalf of employees claiming that their employer has not provided proper precautions to protect against COVID-19. She said while the DOI is continuing to monitor all fraud at this time, it is not seeing an uptick in insurance fraud specific to COVID-19.

3. Heard Reports from Antifraud Organizations Concerning Insurance Fraud Related to COVID-19

a. CAIF

Matthew J. Smith (CAIF) said from what the CAIF has been seeing, it looks as though COVID-19 will be the largest spike in insurance fraud in history. He said the CAIF is comparing the pandemic to what was witnessed during the great recession. He said the economic downturn will result in a spike in insurance fraud throughout the country. He said COVID-19 has been considered a worldwide natural disaster that will bring higher than normal cases of insurance fraud. He said the CAIF research found from Google that there was a 125% increase in people searching how to commit arson.

Mr. Smith said during the initial stage of the pandemic, the CAIF partnered with the National Insurance Crime Bureau (NICB) and the International Association of Special Investigation Units (IASIU) to provide a webinar concerning COVID-19. The webinar had approximately 3,000 attendees, which was the largest gathering of antifraud fighters in history. Mr. Smith said COVID-19 has had an impact around the world, and the CAIF has taken part with its international partners to provide 10–12 webinars specific to the pandemic. In addition, the CAIF has partnered with the American Association of Retired Persons (AARP) to fight insurance fraud against the elderly. Mr. Smith said the states have been utilizing the CAIF's info-graphic tool kit to bring awareness to insurance fraud.

Mr. Smith said the mid-year meeting scheduled for June has been cancelled due to the pandemic, but the CAIF plans to hold the end of year meeting in December as scheduled. He said the CAIF will be conducting a study on artificial intelligence (AI), specifically how companies are using AI to fight COVID-19 insurance fraud.

b. NICB

Alan Haskins (NICB) said the NICB launched an COVID-19 resource center immediately following the pandemic shut down. He said the NICB coordinated with state and trade national fraud groups during the shutdown. He said the NICB has started seeing states like New Jersey and Nevada put together state and federal task forces to investigate insurance fraud due to COVID-19. He said some of the fraudulent claims are unlawful hoarding of medical supplies, price gouging, phishing schemes, and

fake investment opportunities. He said the NICB has been working with the Las Vegas Metro Police Department concerning an increase in vehicle break-ins, specifically against doctors and medical professionals while their car is in parking lot at work. He said thieves are taking information from these cars to locate the individuals' home addresses and burglarize their homes. He said the NICB has been offering a virtual pandemic safety training course, which is available on its webpage. He said the NICB is holding monthly National Dialog Meetings on COVID-19 concerning fraud claims and insurance fraud trends. He said overall, the NICB has seen a 9% increase in questionable claims, including burglarized vehicles and homes, homeowner claims, and work comprehensive. He said the NICB has witnessed towing and storage claims like what Ms. Rafeld stated that Ohio is experiencing. He said the NICB has also seen tele-medicine schemes, physical therapy, and chiropractor service schemes. Lastly, he said the NICB Geospatial Intelligence Center (GIC), which is its insurance industry global energy provider, has continued to be utilized after natural disasters.

c. NHCAA

Leigh McKenna (National Healthcare Antifraud Association—NHCAA) said the NHCAA focuses primarily on education and training regarding health care fraud and the sharing of information. She said one of the NHCAA's key education and trainings, the annual program focusing on novice fraud investigators, has had to be moved to December due to the pandemic. She said a few of the NHCAA's educational programs have been moved to a virtual format because of the pandemic. She said the NHCAA's large annual conference that takes place in November is undetermined at this time as to whether it will be virtual or in-person. She said this conference typically brings 1,300–1,500 health care fraud investigators. She said the NHCAA has been holding monthly information sharing calls for its members and providing webinars for education and information sharing. She said the NHCAA is also holding weekly board member meetings to discuss what is being seen specific to COVID-19. She said the NHCAA has pulled together several valuable resources, which are available on its webpage. She said most of what the NHCAA is seeing is fraudulent COVID-19 testing, the billing of higher hours by providers, and the improper coding of services due to COVID-19. She said the NHCAA continues to monitor and identify schemes quickly so they can be shut down as soon as possible.

d. HFPP

Scott Caspall (Healthcare Fraud Prevention Partnership—HFPP) said the HFPP provides two key items: the data analytics to partners and the facilitation of sharing health care fraud intelligence among the partners of the partnership.

Jacob Gray (HFPP) said the HFPP is seeing an increase in health care data, which will add value at the state and federal level. He said the HFPP has increased its support for law enforcement departments, and it has partnered with academic institutions like Stanford to provide useful whitepapers. He said the HFPP has seen a lot of billing for COVID-19, specifically for testing. He said the HFPP is monitoring known compromised numbers from Medicare and Medicaid, along with stolen identity information, which is used for improper billing. He said the HFPP will be monitoring new providers that are created due to COVID -19.

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

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