

HAFA & Dicerros Law

Anti-Fraud (D) Task-Force

B. Ronnell Nolan, HIA

James R Napoli, Esquire – Attorney at Law

An Authentic Voice: Association CEO Exposing the Truth About Fraud

- Is fraud widespread and severe? **Yes.**
- Has the fraud been stopped? **No.**
- Could it have been addressed before consumers lost their healthcare and agents lost their businesses? **Absolutely.**
- Would adding better access controls and security measures on Healthcare.gov and other ACA platforms significantly curb the current waive of fraud? **Yes.**

An Authentic Voice: Association CEO Exposing the Truth About Fraud

- CMS first implemented consent forms. Did this measure stop fraud? **No.**
- CMS's second attempt to combat fraud was to implement a three-way call requirement, mandating that agents and consumers use this process to cancel plans or assist new clients. However, CMS did not account for the possibility that fraudulent bots could place calls, impersonating both the agent and consumer, as there is no identity verification process in place during these calls.
- CMS call center has been reported to promote other plans and products to consumers, effectively engaging in sales activities without proper licensing. HAFA has encouraged agents to report these practices to their State Department of Insurance

CMS's Least Successful Fraud Prevention Effort

- CMS has implemented flawed analytics that disproportionately target minority agents, impacting the communities they serve. By flagging agents who sell to a high number of clients within the same occupation or income bracket, these analytics unfairly classify reputable agents as high-risk.
- CMS's actions are dismantling small, minority-owned businesses, resulting in consumers losing access to their trusted agents
- Agents receive a notice indicating that five of their clients are under review. As a result, their certification is immediately revoked, their commissions are halted, and their ability to serve their existing client base is effectively eliminated.

Guilty Until Proven Innocent!

HAFAs Strategic Initiatives and Actions

- HAFAs pioneered the development of a **Fraud Reporting Tool** to assist State Fraud Departments and CMS in identifying unethical agents. While State Fraud Departments responded proactively, CMS concluded that the evidence provided was insufficient to take further action.
- HAFAs has delivered its message across the United States, expressing concerns that, 'We are uncertain if we can endure this open enrollment period' due to the overwhelming new rules and regulations that CMS has implemented without consistent guidance

Consumers WILL Suffer!

Thanking A Georgia Bulldog for the floor &
asking for Support!



CMS's Fraud Audit Program

Legal Concerns

- CMS analytics appear to be disproportionately targeting minority agents and those agents who assist minority communities
- CMS immediately suspends/terminates flagged agents and appears to send notices of the suspension/termination to states within which the agent is licensed as well as the carriers
- CMS is not following their own regulations, is not providing agents sufficient information to defend themselves, and is taking a “guilty until proven innocent” approach while exhibiting a “no one is innocent” mindset
- 1 lawsuit filed against CMS in NC; another in FL; and word is that a class or mass action is in the works
- Beware of blindly following CMS's suspensions and terminations under this audit program when determining the fate of an agent's state-issued insurance license – prediction – litigation against states who suspend/terminate an agent's license based on CMS “findings”