

Draft Pending Adoption

Attachment One
Antifraud (D) Task Force
3/17/24

Draft: 4/1/24

Improper Marketing of Health Insurance (D) Working Group
Phoenix, Arizona
March 17, 2024

The Improper Marketing of Health Insurance (D) Working Group of the Antifraud (D) Task Force met in Phoenix, AZ, March 17, 2024. The following Working Group members participated: Martin Swanson, Chair (NE); David Buono, Vice Chair (PA); Maria Ailor (AZ); Kurt Swan (CT); Susan Jennette (DE); Erica Weyhenmeyer (IL); Andria Seip (IA); Joseph Garcia (MI); T.J. Patton (MN); Marjorie Thompson (MO); Patrick Smock (RI); Jill Kruger and Travis Jordan (SD); John Haworth (WA); and Bryan Stevens (WY).

1. Adopted its 2023 Fall National Meeting Minutes

Kruger made a motion, seconded by Swan, to adopt the Working Group's Dec. 2, 2023, minutes (*see NAIC Proceedings – Spring 2024, Antifraud (D) Task Force*). The motion passed unanimously.

2. Discussed its Agent Transfer Issues

Swanson said the Working Group began discussing agent transfer issues during the 2023 Fall National Meeting. During this meeting, the Working Group heard a presentation from Heather Widler (Insurance Care Direct) and John Doak (Insurance Care Direct) concerning the issues consumers are encountering with agent transfers. Swanson said this led to discussions with the federal Centers for Medicare & Medicaid Services (CMS).

Gina Zdanowicz (CMS) said CMS has been looking into the agent transfer issues. Zdanowicz said CMS is working to add additional enforcement regulation and some technology changes to curb these actions. The Working Group discussed and encouraged CMS to work closely with the NAIC and states to focus on the impact that agent transfers are having on consumers. The Working Group agreed that CMS should have a record of these bad actors and requested further details from CMS so they can collaborate to increase enforcement activity. Zdanowicz stated that CMS will collaborate with the Working Group to devise a plan aimed at assisting states in disseminating this information to the relevant state or jurisdiction.

3. Discussed Medicare Advantage

Swanson said the topic of Medicare Advantage was presented to the Working Group to review and address. Swanson said this includes the coordination with the Federal Trade Commission (FTC) on its telemarketing enforcement actions, swapping of clients in health insurance, network adequacy, formulary changes post-enrollment, and a CMS request for information (RFI).

Michael Taylor (CMS) said he will relay these concerns to CMS for further discussion and collaboration with the Working Group. Taylor said there has been a slight decrease in the number of marketing representation complaints compared to this time last year. The Working Group discussed and agreed that further dialog with CMS is warranted and will take place following the Spring National Meeting.

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4. Discussed the FTC Judgement on Simple Health Plans

Swanson said the government has obtained a \$195 million judgement against Simple Health Plans after a federal judge agreed that the Florida company deceived tens of thousands of consumers into purchasing “sham” health insurance. Swanson said the FTC filed a complaint against Simple Health Plans in 2018, arguing that the issuer misled consumers into believing they were purchasing comprehensive insurance coverage that would cover preexisting medical conditions, prescription drugs, hospital care, and other important medical services. He said instead, consumers paid as much as \$500 a month for what was essentially a medical discount membership with limited benefits, leaving consumers on the hook for thousands in unexpected bills. Swanson said a federal judge banned Simple Health Plans; its CEO, Steven Dorfman; and related entities from selling or promoting health care products in the future.

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

[IMHIWG 3.17.24 Minutes](#)