

Fraudsters are duping homeless people into signing up for ACA plans they can't afford

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Mary Zhelyazkova was surprised when pharmacists at Florida's largest safety net hospital said they could not fill her prescription.

Zhelyazkova, 40, was living at a homeless shelter and needed Suboxone, a medication to manage the symptoms of opioid withdrawal.

She said she had been getting Suboxone at the Jackson Memorial Hospital pharmacy for free through the Ryan White HIV/AIDS Program, which provides [medical care](#) at little or no cost to people with HIV.

But at the end of 2021, she said, a stranger approached her on the street and offered her \$5 to sign up for a "free" [health insurance plan](#) with Florida Blue. The person instructed her to use a false address and falsify her income so she could be seen as eligible for coverage, she said.

When the plan took effect the following year, Zhelyazkova learned the downsides.

Signing up for [private insurance](#) disqualified her from Ryan White coverage. And Florida Blue's provider network did not include the hospital pharmacy; she would need to go to Walgreens, which would require transportation. She'd also need to come up with a \$20 copay, which she could not afford.

"I went into withdrawal. It was horrible," said Zhelyazkova, who added that she went without medication for days, until a nonprofit needle exchange program paid for the drug.

Zhelyazkova is one of potentially hundreds of [homeless people](#) in Florida who have been approached by commission-seeking agents and brokers, who sign them up for zero-premium health plans on the Affordable Care Act marketplace, according to state insurance regulators, doctors, and enrollment counselors.

The presumption is that dishonest agents and brokers are signing up

homeless people to earn a sales commission and that they are engaging in fraud by lying about the enrollees' income and home addresses.

And though the federal government pays the monthly premium for qualified low-income consumers on an ACA plan, the policies often come with copayments, deductibles, and other out-of-pocket costs that are unaffordable to people earning little to no income.

Amid an uptick in reports, state and [federal regulators](#) are investigating cases of agents and brokers providing fraudulent information on applications for ACA coverage.

The federal agency that oversees the ACA marketplace said that for the [fiscal year](#) that ended Sept. 30, 2022, the agency received more than 25,000 complaints from people who alleged they had been enrolled in policies without their consent or that incorrect information was submitted on an application by an agent or broker. The Centers for Medicare & Medicaid Services also said it performed more than 700 license verifications to identify potentially problematic brokers during that same period.

Opportunistic recruitment of homeless people into ACA plans is most likely in states like Florida, one of 10 that have refused to expand eligibility for Medicaid to nearly all low-income adults. In one case from 2015, a North Carolina agent signed up hundreds of homeless people for ACA coverage. That state adopted Medicaid expansion in March, though the change has not yet been implemented.

In an expansion state, most single adults in poverty would qualify for Medicaid. In non-expansion states, including Florida, consumers generally must earn at least 100% of the [federal poverty level](#) to qualify for the health law's tax credits, which reduce monthly premiums and out-of-pocket costs. In 2023, that would equate to \$14,580 for a single

person and \$24,860 for a family of three.

But having no income in the current year does not preclude a consumer from projecting they will earn enough next year to qualify for tax credits. Consumers are not required to document their income on a marketplace application if government data shows their income was insufficient in prior years.

On the surface, it may look like uninsured homeless people are gaining coverage, said Sabrina Corlette, a health insurance policy expert at Georgetown University. "That's not such a bad thing," she said.

But that doesn't make it a victimless crime. The [federal government](#) ends up paying subsidies to health insurers to cover people who are not qualified for the plans. Meanwhile, people who are homeless lose eligibility for more suitable programs, like hospital charity care and Ryan White. "That's a serious problem," Corlette said.

Doctors who work with homeless people also say disruptions in care put these patients at risk of relapse into drug use, a mental health crisis, or having to stop ongoing treatment for chronic illnesses, such as cancer and diabetes.

"Patients are stuck in this situation where they can't afford copays under their insurance plan," said David Serota, an infectious disease specialist at the University of Miami's Miller School of Medicine. "But they also cannot get those services through our programs for the indigent uninsured."

Serota sees patients at Jackson Memorial, a Miami-Dade County hospital that provides charity care. In the past three years, he said, at least 20 of his patients, and "many more" seen by his colleagues, have been affected.

Canceling a new health insurance policy and reapplying for public benefits can take weeks or months. And the disruption can reinforce suspicions marginalized communities have about the system, said Erin Richards, a certified application counselor and ACA program coordinator for Pinellas County, near Tampa. She has helped many people reapply for a local program for homeless residents after they were deceived into signing up for an ACA plan.

"We're working to get them to trust systems again and get the care they need that they may have been neglecting for a long time," Richards said.

Agents and brokers have signed up ineligible consumers for ACA coverage since marketplace enrollment began in fall 2013. "It's just not been at the level that we've seen recently," said Katie Roders Turner, an enrollment navigator and executive director of the Family Healthcare Foundation, a Tampa nonprofit that helps low-income residents access free or low-cost care.

Richards and Turner said the health insurer they see most often among homeless people is Florida Blue, the state's largest health insurance company. Fifteen companies offer plans in Florida on the ACA marketplace. Only Florida Blue provides coverage in all of the state's 67 counties.

A Florida Blue executive said the company's compliance team investigates "individuals who wrongfully sign up consumers for health care coverage," but did not respond to questions about how often such fraud occurs.

The most common way agents receive commission is on a per-member, per-month basis. That means that for every consumer an agent or broker signs up, they receive a monthly commission for as long as that consumer is enrolled.

Most plans pay \$20 to \$30 per member per month, estimates Dave Sherrill, an insurance broker and executive director of the Florida Association of Health Underwriters.

Florida insurance regulators are investigating cases with police and CMS, said Devin Galetta, communications director for the state's Department of Financial Services and Chief Financial Officer.

Since 2020, the state has received three consumer complaints about the issue, in South Florida and the Tampa and Gainesville areas, Galetta said. No "arrests or administrative action" have been taken, he said.

But Turner worries the incidents aren't being reported. This type of fraud can be difficult to investigate, she said, because victims who are homeless may be fearful of law enforcement or unwilling or unable to keep up with the reporting required to document such crimes.

"That's been a big challenge," Turner said.

New federal rules, finalized in April, require agents and brokers to document that the consumers they sign up for coverage are eligible and to confirm the accuracy of application information.

CMS investigates agents and brokers identified as potentially problematic through data analytics or consumer complaints, Ellen Montz, deputy administrator and director of the Center for Consumer Information and Insurance Oversight at CMS, said in an email.

The agency can suspend or terminate an agent or broker's ability to sell plans on the marketplace or refer them to law enforcement, Montz said.

But Corlette, the Georgetown expert, was astonished at how long it took CMS to require agents and brokers to document consumer consent for

marketplace coverage. "It is remarkable that here we are almost 10 years in," she said, "and they're just now getting around to it."

Montz said CMS worked with marketplace health insurers to cancel more than 34,000 fraudulent policies in 2022, though it's unknown how many of those cases involved homeless consumers.

Richards, the ACA program coordinator near Tampa, said lately fraud on homeless people has happened so often that she drafted a consumer alert in March to warn of "bad actors."

In Miami, Zhelyazkova is once again enrolled in Ryan White, as well as an opioid use disorder treatment program at a [homeless shelter](#). Among the many issues she has to navigate, she said, are the frequent pitches from strangers who offer her cash to sign up for "free insurance."

Zhelyazkova's roommate at the shelter, 53-year-old Kathryn Knox, echoed her complaint.

"They're getting people constantly," Knox said, adding that over the years she had been paid to sign up for an ACA plan "probably, like, five times."

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