

When rogue brokers switch people's ACA policies, tax surprises can follow

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Tax season is never fun. But some tax filers this year face an added complication: Their returns are being rejected because they failed to provide information about Affordable Care Act coverage they didn't

even know they had.

While the concern about unscrupulous brokers enrolling unsuspecting people in ACA coverage has simmered for years, complaints have risen in recent months as consumers discover their [health insurance coverage](#) isn't what they thought it was.

Now such unauthorized enrollments are also causing tax headaches. Returns are getting rejected by the IRS and some people will have to pay more in taxes.

"It's definitely gotten worse over the past year. We've helped three to four dozen people this year already," said Erin Kinard, director of systems and intake for the Health and Economic Opportunity Program at Pisgah Legal Services in North Carolina, which helps [low-income families](#) enroll in ACA plans and get tax help.

Neither the IRS nor the Centers for Medicare & Medicaid Services, which oversees the federal Obamacare marketplace, responded to questions about the problem.

The IRS did, however, issue an FAQ in February instructing consumers on what to do if their electronically filed returns are rejected because of ACA issues.

Unauthorized sign-ups can happen in several ways, Kinard and others said. Some rogue agents troll online enrollment portals that are accessible only to brokers but are integrated with the healthcare.gov website. When those agents open a new policy or switch an already enrolled policyholder to a different plan, they garner the associated monthly commissions.

Other consumers unwittingly sign up when they respond to

advertisements touting gift cards or government subsidies then are transferred to agents who enroll them in health coverage. It's happening even after new rules were put in place requiring agents to get written or recorded consent from clients before making changes.

CMS has not released details on how many consumers have been affected or how many agents have been sanctioned for participating in such schemes.

There's also no public tally of how many taxpayers are facing problems as a result. And the tax consequences can come as a surprise.

"Many people are finding out when they go to e-file their taxes and it bounces back and the IRS says it can't accept your return," said Christine Speidel, an associate professor and the director of the Federal Tax Clinic at Villanova University's Charles Widger School of Law.

Returns are rejected if the IRS has information indicating the taxpayer has ACA coverage but the returns don't include forms that help determine whether premium tax credits paid on the policyholder's behalf to insurers were correct. If their income was misstated by the rogue broker who enrolled them, for example, they might not have qualified for the full amount paid. Or, if they had affordable employer coverage, they would not have been eligible for ACA subsidies at all.

Ashley Zukoski, an ultrasound technologist in Charlotte, North Carolina, had employer coverage but now faces a tax bill for an ACA plan she said she never signed up for. She reached out to KFF Health News after it reported on such unauthorized plan enrollments.

Unbeknownst to her, she said, a broker in Florida enrolled her family in an ACA plan in late February 2023, even though Zukoski had coverage starting that January through her job. The broker listed an income that

qualified the household for a full subsidy, so Zukoski never received a premium bill.

Her first inkling that something was amiss came early in 2024 when she received a special form, called a 1095-A, which showed she had an ACA plan. After reporting the problem to the federal marketplace, she sought to get the 1095-A voided so she would not be liable for the plan's premium subsidies paid by the government to the insurer.

But, because Zukoski's pharmacy had billed the ACA plan instead of her job-based coverage, her request was denied. She plans to appeal.

In the meantime, the family has filed an extension on their taxes.

"Instead of getting a \$4,100 refund, we now owe almost \$700 in taxes based on the 1095-A and premium tax credit applied," Zukoski said.

With the April 15 federal tax filing deadline upon us, there are some important steps for affected consumers to take, tax and insurance experts said.

First, because it could take weeks to get corrected forms, experts recommend filing for an extension to buy more time. When consumers file for that extension, they should also pay any taxes owed to avoid penalties and interest.

In general, consumers who at any point in the year think they are victims of an unauthorized enrollment or plan switch should report it immediately to the relevant federal or state ACA marketplace and request a corrected Form 1095-A. But move fast. Appeals to cancel coverage retroactively must be made within 60 days of discovering the fraudulent enrollment, Speidel said.

Consumers can ask for help filing a complaint with federal or state regulators by contacting their own insurance agents or seeking help from assisters or "navigator" programs, which are government-funded nonprofit groups that help people enroll or deal with insurance problems.

Navigators and assisters are fielding many such cases this year and can submit what are called "complex case forms," which help [federal officials](#) investigate such complaints, said Lynn Cowles, program manager for Prosper Health Coverage, a navigator program in Texas.

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