

# HealthSherpa and insurers team up to curb unauthorized ACA enrollment schemes

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The largest private company that brokers use to enroll people in Affordable Care Act health plans said it's joining with insurers to thwart unauthorized Obamacare sign-ups and plan switches.

HealthSherpa, which has its own sales team, announced the new initiative—called "Member Defense Network"—July 16. It will cut off

commissions for unscrupulous insurance brokers believed to be signing up thousands of Americans for [health plans](#) they don't need or switching their coverage without express consent.

Federal regulators say at least 90,000 Obamacare customers have complained about unauthorized enrollments or plan switches in the first quarter of the year. The changes can leave consumers without access to their preferred doctors and increase their deductibles or saddle them with tax bills.

Amy Shepherd of Georgia said that while the carrier of her ACA plan has remained the same, the agent who collects the commission has been switched three times—all people she doesn't know and without her consent. Even worse, she said, are the multiple calls she gets daily, at all hours, from other agents apparently trying to persuade her to switch plans.

"These spam calls are stressing me beyond words," said Shepherd, who wants to remain in her current plan and has enlisted the help of a friend, who happens to be an insurance agent, to help.

Whether the network would help in situations like Shepherd's remains to be seen. When duplicative enrollments are identified, it will use automation to check whether agents have filed written or recorded consent by the consumer, something they are supposed to do under federal rules. But agents say they are rarely asked to provide those documents by regulators.

If there's no valid consent on file, or if an agent is caught submitting fake consents, they're not going to get paid commissions while the situation is investigated, said George Kalogeropoulos, CEO of HealthSherpa. The firm has set up a website separate from its enrollment platform to run the network, and it may spin it off to another

organization, he added.

HealthSherpa is one of more than a dozen [private sector](#) web brokers allowed by federal regulators to directly link to the federal health insurance marketplace, healthcare.gov, to sign people up for ACA coverage. Other web brokers can join the new program, Kalogeropoulos said.

But there are already doubts about HealthSherpa's plan. Without all health insurers participating, some agents said, fraudulent enrollment may shift to those remaining outside HealthSherpa's program. At its launch this week, the network included health insurers Ambetter, Molina Healthcare, and Highmark Blue Cross Blue Shield, representing about half the people who selected coverage during the ACA's most recent open-enrollment period, said Kalogeropoulos, and more may follow.

Smaller brokerages worry that HealthSherpa's algorithms may incorrectly flag transactions with their customers as suspicious.

"This could disrupt the market," said Ronnell Nolan, president of Health Agents for America, a trade group. "This could put good agents out of business."

Federal regulators say they are working on several regulatory and technical ways to address unauthorized sign-ups and switches but have released few details. Recently, the Centers for Medicare & Medicaid Services quietly put in place new rules requiring agents to log in to their own ACA enrollment accounts every 12 hours, instead of every 30 days, as a security measure.

CMS knows of the network initiative and said it will be required to conform to security and privacy standards.

"We expect and encourage all of our partners, including issuers, direct enrollment partners, and agents and brokers, to take steps to detect and prevent fraudulent actions against consumers," said Jeff Wu, deputy director for policy at the Center for Consumer Information and Insurance Oversight, in a written statement.

Under HealthSherpa's plan, participating Obamacare insurers will each day submit data on all plan changes and new enrollments. Then the network's software will look for duplicate enrollments or other suspicious patterns across carriers—which can't currently be done by the private sector—and automatically verify that agents have filed proof of consumer consent.

Most situations would be resolved without the need for human intervention, said Kalogeropoulos—unless the system discovers fake consent. Those cases would be reported to federal and state regulators.

Private sector enrollment sites like HealthSherpa help millions of people legitimately in ACA plans each year. Most brokers use such platforms as an alternative to what they consider the more clunky healthcare.gov site, yet they also complain that the private enrollment websites make fraud too easy.

Armed with nothing more than a name, date of birth, and state of residence, unscrupulous insurance agents can switch healthcare.gov customers' insurance plans or change the authorized agent on their policies to collect commissions from insurers.

"No other industry works this way," said Arthur Barlow, CEO and president of Utah-based Compass Insurance Advisors. His firm, which includes 500 independent agents, supports the ideas behind HealthSherpa's Member Defense Network, which he called "a step in the right direction to have a third party validate consent."

More efforts to address the problem of easy access to healthcare.gov accounts are needed, said Aaron Arenbart, the ACA/Medicare director at DigitalBGA, an Austin, Texas-based firm that assists brokers.

He's skeptical that HealthSherpa's network is the answer, however. He'd rather see [federal regulators](#) require the private platforms use some form of two-factor authentication before agents can log in to consumers' accounts.

"I can't see it working at all," Arenbart said of the network. "A lot of carriers are not even on board." Rogue agents "will just move to those carriers," he said.

Kalogeropoulos said that not all the unauthorized enrollments and plan switches are necessarily fraud. Some may be the result of confusion among agents as to whether they represent certain clients, he said—particularly when agents buy contact information from lead-generating firms that may sell the same names to multiple brokerages.

"In the most extreme example, we saw one member submitted 70 times by five different agents," he said. HealthSherpa's new system, he said, would determine which agent had the most valid consent.

It's a multistep process that, in some cases, would be decided by which agent can first get a client to complete a third-party identity-proofing process using a driver's license or other official documents.

One concern with HealthSherpa's network, Barlow said, is the possibility that some cases won't be resolved automatically, and consumers who are switched may have to remain in new plans while conflicts between agents are adjudicated.

Another problem, said Washington, D.C.-based attorney James Napoli,

is that the network's solution to check for consent "is one that occurs after the horse has left the barn."

Napoli's clients include Nelson's group, Health Agents for America. "The fix ought to be much easier on the front end," he said. "For example, two-factor authentication. There are ways to stop this fraud before it's already occurred."

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