Biden administration blocks two private sector enrollment sites from ACA marketplace

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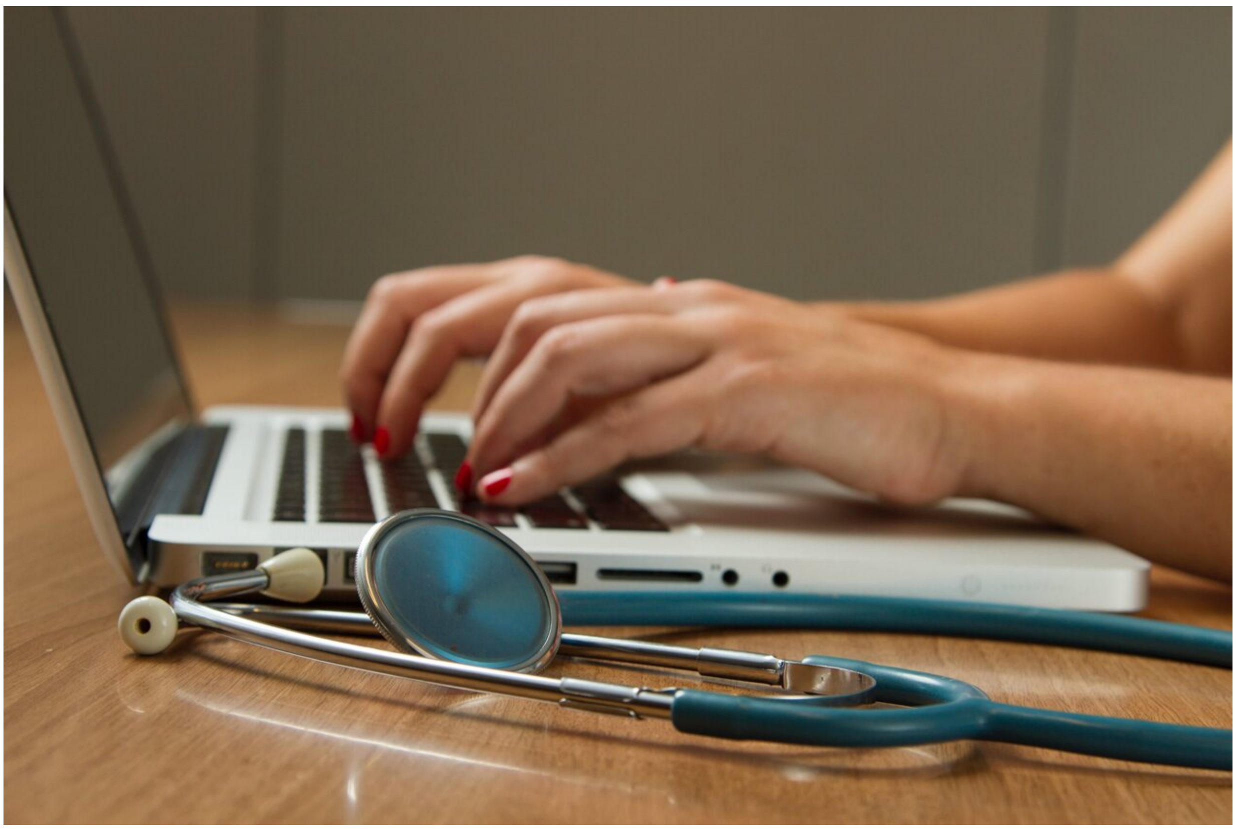

Credit: Unsplash/CC0 Public Domain

Federal regulators have blocked two private sector enrollment websites from accessing consumer information through the federal Obamacare marketplace, citing "anomalous activity."

The unusual step comes as the Centers for Medicare & Medicaid Services is under the gun to curb unauthorized enrollment and switching of Affordable Care Act plans by rogue agents. The agency received more than 200,000 complaints in the first six months of the year about such actions.

CMS said in a written statement that it had suspended the two sites—Benefitalign and Inshura—"while the anomalous activity is researched to ensure the EDE partners are in compliance with CMS data standards." EDE stands for "enhanced direct enrollment" and refers to websites approved to integrate with healthcare.gov.

In a separate development, the two websites, which insurance brokers use instead of the federal healthcare.gov site to enroll clients in Affordable Care Act plans, are mentioned in an ongoing civil lawsuit filed by attorneys representing consumers and agents who claim they've been harmed by enrollment schemes.

CMS posted on Aug. 9 an updated list of websites approved to integrate with the federal Obamacare marketplace that no longer included Benefitalign and Inshura. As a result, insurance agents can't use the websites to enroll customers in or make changes to their Obamacare plans.

Private sector enrollment sites were first allowed to integrate with healthcare.gov data under the Trump administration. About a dozen such sites are now approved to connect with the federal system.

Thwarting enrollment schemes and rogue insurance agents without making it too difficult for consumers and legitimate agents to enroll in health plans has become a political problem for the Biden administration. President Joe Biden has claimed record-breaking enrollment under the ACA as one of his administration's major accomplishments.

In recent weeks, lawmakers have called on CMS to do more and introduced legislation to increase penalties for agents who enroll people in plans without authorization. The large number of complaints from victims of the schemes have caught the attention of House Republicans, who on June 28 requested investigations by the Government Accountability Office and the Office of Inspector General at the Department of Health and Human Services.

KFF Health News began reporting on ACA enrollment schemes early this year.

CMS has since taken actions to short-circuit unscrupulous agents and call centers.

Until last month, agents using the approved private sector enrollment sites could access consumer information via healthcare.gov with only a name, birth date, and state of residence. CMS now requires three-way calls among agents, consumers, and the healthcare.gov helpline when agents new to a policy try to make a change. Many legitimate insurance agents are urging an additional fix used widely by state Obamacare enrollment systems: requiring two-factor authentication before consumer information can be accessed or changed by agents.

Meanwhile, the move to suspend the two enrollment websites baffled the companies, said Catherine Riedel, a spokesperson for TrueCoverage, an insurance call center that also does business as Inshura. TrueCoverage and Benefitalign are subsidiaries of Speridian Global Holdings of California.

"We don't know what they want us to do differently," she said.

The websites, she said, are cooperating with CMS, and they conducted an internal review that found no security issues. Very few details, other than "it is related to a potential technical anomaly reported by an outside party" were given, Riedel wrote, and the firms have not been provided "any specific, actionable information related to the alleged anomaly."

Both firms are mentioned in the lawsuit first filed in April in the U.S. District Court for the Southern District of Florida. The suit alleges that people and organizations engaged in misleading advertising, or made changes to ACA policies, without the express permission of consumers—all with the goal of racking up commissions.

Late on Aug. 16, that case was amended to add allegations and defendants, including Benefitalign. The other enrollment website, Inshura, is not listed as a defendant, although it is run by TrueCoverage, which is.

Riedel said TrueCoverage disputes the lawsuit's claims.

The case "is founded on misinformation and technical naivety that seems to have been connected to create a sensational and false narrative," she said.

The Aug. 16 filing alleges that TrueCoverage or Speridian Technologies, another subsidiary of Speridian Global Holdings, used the Benefitalign or Inshura websites to access U.S. consumers' personal information, then sent it to marketers in India and Pakistan. The allegation, if true, would violate agreements the private sector websites made with the federal government to gain approval to operate, the suit contends.

Riedel said there is no evidence to support the allegations and that it is technically impossible to move "bulk amounts of consumer data" from the Obamacare marketplace.

"Like many technology companies, some of TrueCoverage's marketing efforts have been based in India. However, as part of that marketing work, TrueCoverage did not move any customer data out of the EDE platform," she said.

The 185-page amended complaint added as a defendant Bain Capital Insurance Fund, part of one of the world's leading private investment companies, saying it "aided and abetted" Florida-based Enhance Health, which describes itself as a large broker of ACA plans. Bain helped launch Enhance with a $150 million investment in 2021 and appointed its CEO.

After initially planning to market Medicare Advantage plans, the lawsuit says, Enhance Health and Bain decided to shift to ACA plans, which were seen as more profitable. The suit alleges Enhance Health participated in unauthorized agent changes or switching of ACA policies.

Bain knew "what was going on" at Enhance "and ultimately supported it," the lawsuit says, noting that Bain executives sat on Enhance's board, controlled the hiring of executives, and were often at its Sunrise, Florida, offices. The firm hoped to sell the company once it showed how profitable it could be, the suit alleges.

In a written statement, Enhance Health said that "upholding the highest standards of compliance and controls is a core focus in all aspects of our operation and we will vigorously defend against these baseless claims."

Bain Capital Insurance did not reply to a request for comment.

The additional allegations expand on the initial April filing, which outlined a complex web of activities aimed at capitalizing changes to the ACA under Biden that resulted in broader availability of zero-premium plans for lower-income applicants. In some cases, consumers were lured to call centers through misleading ads touting nonexistent cash cards.

Some call centers or agents filed duplicate coverage for the same individuals, without consumer permission, or split family members among multiple policies, the suit alleges.

Because the customers don't pay monthly premiums for the plans, they may not notice they've been enrolled until they try to obtain care.

Some consumers whose plans were switched lost access to their doctors or medications. Some face tax consequences if they were enrolled in duplicative coverage or in subsidized plans for which they did not qualify.

One victim added to the case, Paula Langley of Texas, initially responded to an advertisement promising a cash card. She called the number advertised and was enrolled in ACA coverage in February 2023 but never received the promised incentive, according to the lawsuit.

She and her husband began receiving multiple insurance cards from different insurers, the suit says. She would show up for a doctor's visit or to pick up a prescription only to find her coverage had been canceled, leaving her with unpaid medical bills.

All in all, she was switched among plans and agents at least 22 times in just over a year, the lawsuit alleges.

Attorneys Jason Kellogg of Miami and Jason Doss of Atlanta said they amended the lawsuit based on dozens of interviews with former employees of the named firms. They're seeking class-action status on behalf of affected consumers and agents who have lost business to the unauthorized plan-switching, and the suit alleges violations of the federal Racketeer Influenced and Corrupt Organizations—or RICO—Act.

"The scheme is bad enough because it's so large," Kellogg said. "But it's much worse given that it preys upon Americans who are at the lowest levels of the income scale, who may be desperate, are most vulnerable."

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