

# Overview of Unauthorized Enrollments



***Center for Consumer  
Information & Insurance  
Oversight (CCIO)***

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# Definition of “Unauthorized Enrollment”

- An Unauthorized Enrollment (UE) is an enrollment in a health insurance policy that was submitted without the enrollee’s knowledge or consent via the Federally-facilitated Exchange (FFE).
- UEs may be completed by an agent or broker or other third-party unknown to the consumer who filled out the application and enrolled the consumer(s) in a plan.
- UEs may result from illegal activity (e.g., ID theft or Personally Identifiable Information obtained from a data breach) or financial motives (e.g., agents wanting more commissions or collusion schemes).
- An enrollment may be considered unauthorized if the issuer verifies that all CMS criteria are met (see slide 7).

# Definition of “Unauthorized Enrollment”

- Some UEs come to CMS’ attention when consumers call the FFE Call Center to complain about:
  - Getting mail from an issuer that is not their health insurance company.
  - Receiving a Form 1095-A when they did not enroll in FFE healthcare coverage.
  - Having their electronically filed tax return rejected due to not attaching a Form 8962, or, if they filed a paper return, receiving a notice from the IRS that their tax refunds would not be processed until their Advance Payments of the Premium Tax Credit (APTC) are reconciled.
    - IRS implemented a new 8962 operational process. Beginning in 2022, electronically filed tax returns that do not include a Form 8962, or written explanation, will be rejected
- These consumers assert that they did not enroll in an Exchange plan or authorize anyone else to enroll them. Many of these consumers already had healthcare coverage or had chosen to go without it.

# Importance of UE Identification

- CMS informs the IRS of all APTC recipients via the IRS reporting process. The IRS associates the APTC with the taxpayer whose SSN is on the enrollment.
- Consumers enrolled in unauthorized policies with APTC may have significant unwarranted tax liabilities and difficulty successfully filing their tax returns.
- A Void Form 1095-A can only be issued if the policy is cancelled back to the effectuation date as if it were never in force. The UE process allows issuers to cancel policies if they verify the criteria that indicate the enrollment was most likely unauthorized.
- Once a policy is cancelled, a Void Form 1095-A will be generated and mailed to the consumer and the corrected data is sent to the IRS.
- Cancellation of unauthorized enrollments allows CMS to recoup improperly paid APTC, protecting taxpayer dollars.

# Consumer-Reported UE Process - Entering HICS Cases

- Consumer complaints are logged at the FFE Call Center by Call Center Representatives (CCRs). All complaints are transferred to the Health Insurance Casework System (HICS) each night. Generally, allegations of fraud are entered into HICS as Category 3 cases (Legal and Administrative) with the subcategory “Alleged Fraud.”
  - Examples:
    - allegations of unauthorized enrollments
    - misinformation on applications (such as incorrect SSN, income, address, DOB, etc.)
    - marketing scams
    - other potentially fraudulent behavior by agents or consumers
- All Category 3/Alleged Fraud cases are assigned to the Center for Program Integrity (CPI) by designating a senior staff member as the caseworker.

# Complaints Review and Categorization

- CPI's Marketplace Complaints Review Contractor (MCRC) reads every Category 3 complaint and categorizes them according to the type of complaint (e.g., unauthorized enrollment, agent/broker misconduct, marketing scam, consumer fraud, etc.).
- Cases tagged as UEs are separated out so they can be switched in HICS to Category 2, subcategory "Cancellation/Termination Request." This allows the issuers to see the complaints and all HICS data about the policy.
- Instructions for checking the policy against the three CMS criteria are pasted into the "External Comments" for each UE case.

# UE Criteria for Issuers to Verify

- Issuers are asked to verify whether each enrollment appears to be unauthorized by checking three criteria that would support the claim that the enrollee was unaware of the policy.
  - 1. No claims have been filed.**
  - 2. APTC covered 100% of the premiums, or the enrollee has not made any premium payments if there is an Individual Responsibility Amount (IRA).**
  - 3. The enrollee has not contacted the issuer (except to report the UE).**
- A fourth criteria is stipulated by CMS as true in all HICS cases: the enrollee actively contacted the FFE and stated they did not enroll in FFE coverage, did not authorize anyone to enroll for them, or did not want or need a health insurance policy through the FFE.

# UE Criteria for Issuers to Verify

## Outcomes:

- If all three criteria are true, the policy should be cancelled.
- If one or more of the criteria are not true, the policy cannot be cancelled and will remain in effect.
- The issuer must also contact the consumer to report the resolution of the case, whether the policy is cancelled or remains in effect.
- Issuers are also required to send a termination notice whenever coverage is cancelled (see 45 CFR 156.270(b)(1)).



# Documenting Case Outcome in HICS

- 45 CFR 156.1010(g)(2) requires all HICS cases to be thoroughly documented.
- The “**Outcome of Resolution**” field is used to track the number of policies cancelled due to UEs and to document why other policies were not cancelled. Choices are:
  - **Approved cancellation** - *Issuer has adjusted its record, in whole or in part, in accord with the request/directive.*
  - **Denied cancellation** – Criteria not met should be indicated
    - *Issuer did not cancel/terminate as requested, consumer paid premiums.*
    - *Issuer did not cancel/terminate as requested, consumer had paid claims.*
    - *Issuer did not cancel/terminate as requested, consumer contacted the Issuer.*
    - *Issuer is not permitted to make any requested change(s) according to CMS/issuer policy.*

# Issuer-Reported UEs

- Issuers sometimes become aware of UEs through complaints received via their own call centers and their own investigations or data analyses. Issuers should report all suspected UEs directly to CMS.
- UE reports should be directed to the Account Manager and CPI ([MarketplaceIntegrity@cms.hhs.gov](mailto:MarketplaceIntegrity@cms.hhs.gov)) for review.
- The Enrollment Team and CPI will verify with the issuer that the UE criteria are met and will also ask the issuer to attempt to contact the enrollees.
  - Enrollment and CPI will also verify that the issuer provided the enrollee at least 30 days to respond to the attempt to contact them.
- UEs may have inaccurate contact information for the enrollees. Even so, the issuer must attempt to contact the enrollee via phone, email or snail mail.
- Once these steps have been completed, the issuer will be directed to cancel the policies.
- Issuers must send termination notices containing the effective date and reason for termination to all enrollees whose coverage is cancelled (see 45 CFR 156.270(b)(1)).

# Cancelling Policies Meeting UE Criteria

- The preferred way for issuers to cancel batches of UEs is to send IC834 cancel transactions with a reason code of CANCEL-FRD.
  - This is the quickest way to correct FFE data and minimize consumer harm.
- Issuers must also report these cancellations on their RCNI file, by submitting the policies as cancelled with “C” for the Initial Premium Paid Status and a Cancellation Reason Code of “9” for fraud.
- Issuers may also use the ER&R process to cancel UEs by submitting their RCNI, and on the policies cancelled submit “C” for the premium paid indicator with a reason code of “9” for fraud.
- Lastly, if it is not possible, due to timing or technical limitations, to submit the cancels via IC834 or recon, issuers may also submit a dispute form using the rejected enrollment tab, providing the policy number and a Cancellation Reason Code of “9” for fraud.
  - The ER&R dispute process should only be used when no other Enrollment Data Alignment pathway is available.
- The 1095-A team will ensure affected consumers receive a Void Form 1095-A.

# Resources

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- Chapter 13.1 of the 2022 Enrollment Manual:  
[https://regtap.cms.gov/reg\\_librarye.php?i=1761](https://regtap.cms.gov/reg_librarye.php?i=1761)