

Insurance Fraud Accountability Act

Section Summary

Senators Wyden, Brown, Duckworth, Murray, Schatz and Van Hollen

Section 1. Short Title; Table of Contents

This section provides that the short title is the Insurance Fraud Accountability Act.

Section 2. Reduction of Fraudulent Enrollment in Qualified Health Plans

(a) Penalties for Agents and Brokers

Provides for civil and criminal penalties for agents and brokers: civil money penalties of not less than \$10,000 and not more than \$50,000 per applicant for agents and brokers who fail to provide correct information that is attributable to negligence or disregard of the rules, up to \$200,000 for knowingly providing false information, and criminal fines and imprisonment for not more than 10 years for agents and brokers who knowingly and willfully provide false or fraudulent information related to an enrollment.

(b) Consumer Protections

Requires the Secretary to establish a verification process for agents and brokers submitting any new enrollments or plan changes for individuals including requiring documentation or evidence of the individual's consent for new enrollment or coverage change and resolution of all data matching issues prior to an agent or broker receiving commission. Agents and brokers are required to report to the Secretary any third-party marketing organization or field marketing organization involved in the chain of enrollment. This process will also require web-brokers to provide individuals access to their account information via a website or other technology, as well as timely notifications about any changes to enrollment, coverage, agent of record, or premium tax credits, with instructions on canceling unauthorized activities. Information regarding plan changes or enrollments must also be accessible to the applicable qualified health plan through a database or other resource. Directs the Secretary to implement the enrollment verification process in a manner to ensure continuity of coverage and care for individuals and requires plans to report agent and broker terminations to the Secretary.

(c) Authority to Regulate Field Marketing Organizations and Third-Party Marketing Organizations

Requires that an agent or broker meet a standard of conduct including acting in the best interest of the enrollee. This paragraph also establishes criteria for field marketing organizations and third-party marketing organizations to participate in the chain of enrollment for an individual in the marketplaces: meeting the marketing requirements in accordance with the Secretary, and federal or state law; does not employ practices that are confusing or misleading; is a licensed agent or broker or meets other licensure requirements, as required by the State; register with the Secretary; does not compensate any individual or organization for referrals or any other service relating to the sale of, marketing for, or enrollment in qualified health plans unless such individual or organization meets the criteria described.

(d) Transparency

Establishes a process for the oversight and enforcement of agent and broker compliance that audits agents and brokers. The periodic audits of agents and brokers based on: complaints filed with the Secretary by individuals enrolled by an agent or broker; an incident or enrollment pattern that suggests fraud; and other factors determined by the Secretary. The Secretary shall share audit results and refer potential cases of fraud to the relevant State department of insurance and develop a process to regularly provide to qualified health plans, Exchanges, and States a list of suspended and terminated agents and brokers