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# United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

July 7, 2025

## VIA ELECTRONIC TRANSMISSION

The Honorable Mehmet Oz  
Administrator  
Centers for Medicare & Medicaid Services

Dear Administrator Oz:

On June 20, 2024, *The Wall Street Journal* reported that in 2024 five million consumers may have inappropriately received health insurance coverage through subsidized *Affordable Care Act* (ACA) federal marketplace plans based on falsified income information, which may have cost the taxpayer an estimated \$20 billion.<sup>1</sup> According to the Centers for Medicare and Medicaid Services (CMS), as well as other reporting, these fraudulent enrollments occurred because insurance agents and brokers exploited vulnerabilities in the program's design.<sup>2</sup> On July 8, 2024, I wrote to CMS with concerns regarding fraudulent enrollments and requested information on how the Biden administration's Department of Health and Human Services (HHS) and CMS had taken steps to combat fraud, waste, and abuse related to these enrollments and associated subsidies.<sup>3</sup> Unfortunately, the previous administration failed to provide a response.

The Biden administration's failure to adequately oversee these subsidies have had expensive consequences. For instance, on February 19, 2025, the Trump Department of Justice (DOJ) indicted Cory Lloyd and Steven Strong for engaging in a \$161 million ACA enrollment fraud scheme.<sup>4</sup> According to the DOJ, "Lloyd and Strong targeted vulnerable, low-income individuals experiencing homelessness, unemployment, and mental health and substance abuse disorders, and, through 'street marketers' working on their behalf, sometimes offered bribes to induce those individuals to enroll in subsidized ACA plans."<sup>5</sup> Further, the two individuals used "misleading sales scripts and other deceptive sales techniques to convince consumers to state that

<sup>1</sup> Brian Blase, *The \$20 Billion ObamaCare Subsidy Fraud*, WSJ (June 19, 2024), <https://www.wsj.com/articles/the-20-billion-obamacare-subsidy-fraud-abd89b0d>; Brian Blase and Drew Gonshorowski, *The Great Obamacare Enrollment Fraud*, Paragon Health Inst. (June 2024), [https://paragoninstitute.org/wp-content/uploads/2024/06/The-Great-Obamacare-Enrollment-Fraud\\_FOR\\_RELEASE\\_V2.pdf](https://paragoninstitute.org/wp-content/uploads/2024/06/The-Great-Obamacare-Enrollment-Fraud_FOR_RELEASE_V2.pdf).

<sup>2</sup> *Id.*; 2025 Marketplace Integrity and Affordability Proposed Rule (CMS-9884-P), Cntrs. for Medicare & Medicaid Svcs. (Mar. 10, 2025), at 4 & 86, <https://www.cms.gov/files/document/MarketplacePIRule2025.pdf>, (183,553 complaints were related to enrollments without consent and 90,863 were related to switches without consent); Julie Appleby, *ACA Plans Are Being Switched Without Enrollees' OK*, KFF Health News (Apr. 2, 2024), <https://kffhealthnews.org/news/article/aca-obamacare-plans-switched-without-enrollee-permission-investigation/>; Julie Appleby, *Rising Complaints of Unauthorized Obamacare Plan-Switching and Sign-Ups Trigger Concern*, KFF Health News (Apr. 8, 2024), <https://kffhealthnews.org/news/article/aca-unauthorized-obamacare-plan-switching-concern/>; Julie Appleby, *After Public Push, CMS Curbs Health Insurance Agents' Access to Consumer SSNs*, KFF Health News (Apr. 9, 2024), <https://kffhealthnews.org/news/article/aca-marketplace-ssn-social-security-numbers-agents/>; Julie Appleby, *When Rogue Brokers Switch People's ACA Policies, Tax Surprises Can Follow*, KFF Health News (April 15, 2024), <https://kffhealthnews.org/news/article/aca-obamacare-plans-unauthorized-enrollment-tax-problems/>.

<sup>3</sup> Letter from Senator Charles E. Grassley to the Honorable Xavier Becerra, Secretary, U.S. Dept. of Health and Human Servs., and the Honorable Chiquita Brooks-LaSure, Administrator, Cntrs. for Medicare & Medicaid Svcs. (July 8, 2024), [https://www.grassley.senate.gov/imo/media/doc/grassley\\_to\\_hhs\\_and\\_cms\\_-\\_aca.pdf](https://www.grassley.senate.gov/imo/media/doc/grassley_to_hhs_and_cms_-_aca.pdf).

<sup>4</sup> Press Release, Department of Justice, *President of Insurance Brokerage Firm and CEO of Marketing Company Charged in \$161M Affordable Care Act Enrollment Fraud Scheme* (Feb. 19, 2025), <https://www.justice.gov/opa/pr/president-insurance-brokerage-firm-and-ceo-marketing-company-charged-161m-affordable-care>.

<sup>5</sup> *Id.*

they would attempt to earn the minimum income necessary to qualify for a subsidized ACA plan, even when the consumer initially projected having no income.”<sup>6</sup>

Based on information provided to my office, I’ve been made aware of a similar type of fraud scheme used within the ACA marketplace.<sup>7</sup> This scheme involved targeted internet advertisements for free health insurance.<sup>8</sup> These advertisements were used to entice consumers to fill out a webform with personal information which was then used by insurance agents to sign consumers up for healthcare in targeted zip codes.<sup>9</sup> Those zip codes were in states that use the federally-facilitated marketplace (FFM), rather than state-based exchanges, and where preferred insurance companies had \$0 premium plans.<sup>10</sup> Using information from the webforms, agents used HealthSherpa, one of the ten federally-approved private sector ACA federal marketplace enrollment websites, to sign consumers up.<sup>11</sup> During open enrollment periods, agents entered hundreds of applications per day and if the consumer noted on the webform that their income wasn’t between 100-150% of the federal poverty level (FPL), agents would fraudulently swap it out for a number to obtain maximum ACA federal marketplace plan premium subsidies and special enrollment period (SEP) eligibility.<sup>12</sup> To keep fraudulent enrollments on the books for as long as possible, agents allegedly submitted false income verification extension requests and prepopulated income explanation forms rather than submitting actual proof of income.<sup>13</sup>

So that Congress may conduct independent oversight of the ACA federal marketplace program, please provide the following information no later than July 21, 2025:

1. Explain in detail the steps CMS has taken to detect, combat, and deter the fraud scheme described above.
2. What is CMS’s estimate of:
  - a. the number of fraudulent enrollments in subsidized ACA federal marketplace plans occurring from 2019-2025;
  - b. the number of months fraudulently enrolled customers spent in subsidized ACA federal marketplace plans; and
  - c. the cost of these fraudulent enrollments. Provide this information at the insurance agent, insurance agency, and health insurance company level.
3. What efforts has CMS taken in coordination with the Internal Revenue Service (IRS) to recoup excess advanced premium tax credit payments? How much money has been recovered annually from 2019 to 2025?
4. What steps does CMS take after it terminates an agent’s ACA federal marketplace registration? Who does CMS communicate termination information to and does CMS

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<sup>6</sup> *Id.*

<sup>7</sup> Notes and Documents on file with Committee Staff.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

provide those entities with any guidance in relation to managing the termination?  
Provide all records.<sup>14</sup>

5. Do insurance agencies face any consequences from CMS when their affiliated agents are terminated for improper activities or when they have disproportionately high rates of potentially fraudulent ACA federal marketplace plan enrollments? If yes, describe the consequences and any associated investigative processes.
6. How many agents did CMS terminate for improper enrollment behaviors from 2019 to 2025? How many of those terminations has CMS rescinded? List the data by year and state.

Thank you for your prompt review and response. If you have any questions, please contact Tucker Akin with Committee staff at (202) 224-5225.

Sincerely,



Charles E. Grassley  
Chairman  
Committee on the Judiciary

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<sup>14</sup> "Records" include any written, recorded, or graphic material of any kind, including letters, memoranda, reports, notes, electronic data (e-mails, email attachments, and any other electronically-created or stored information), calendar entries, inter-office communications, meeting minutes, phone/voice mail or recordings/records of verbal communications, and drafts (whether or not they resulted in final documents).