



Non-Compliant Health Plan Marketing Issues

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Overview

In recent years, the Health Connector has observed an uptick in the marketing of scam plans or non-compliant health plans to Massachusetts residents. This intersects and interferes with the Health Connector's mission in a variety of ways.

- Staff hear regularly from residents who thought they were buying a bona fide, compliant, comprehensive health plan – often thinking they were buying it from the Health Connector – and then are later surprised by uncovered medical expenses or other issues
- These dynamics pose individual-level hardships, and also present risks to market stability
- These issues are also of concern to other state partners (e.g., DOI, AGO) and federal CMS
- The Health Connector is attempting to maximize use of the tools it has to protect residents from deception and ensure that Massachusetts residents are fully apprised of where and how to purchase licensed, ACA/state-compliant health coverage, and how to be on the look out for deceptive marketing practices

Scam Plans and Non-Compliant Plans

Scam and non-compliant plans can take on different features, but the common theme is that they can leave consumers with fewer protections and unpaid medical claims, and a weaker insurance market risk pool.

- Outright ‘scams’
 - Sharing arrangements, such as health care sharing ministries
 - Unlicensed issuers
 - Short term limited duration plans
 - Underinsurance
- Non-compliant plans try to attract enrollees by promising lower premiums via evasion of state and ACA benefits and rating requirements
 - Many individuals find out about the lack of protections and covered benefits when they get sick or have a medical event



Misleading Marketing of Non-ACA Health Plans Continued During COVID-19 Special Enrollment Period

By Dennis Palumbo and JoAnn Volk

October 2021



She's stuck with \$75,000 in bills after her 'health care sharing ministry' refuses to pay

By Sean P. Sheehy | Globe Staff | Updated on Oct. 20, 2021



Betty Hargreaves faces \$75,000 in medical bills after the surgery. [JONATHAN HIGGINS/GLOBE PHOTOS](#)

Betty Hargreaves wanted to save a few bucks on health insurance a couple of years ago so she switched to a religious-based plan.

For a while it worked, cutting her monthly premium by hundreds of dollars.

Then, in March, she had double hip-replacement surgery to relieve acute pain, followed by a four-day stay in the hospital and extensive physical therapy.

The surgery was successful, but Hargreaves' 'insurer' refused to cover any of the costs, saying her surgery was the result of a preexisting condition. She was saddled with nearly \$75,000 in medical bills.

They told her the day before the surgery that it would not be covered, she said.

[She's stuck with \\$75,000 in bills after her 'health care sharing ministry' refuses to pay - The Boston Globe](#) [Massachusetts Data on Health Care Sharing Ministries Reveal Finances That Put Consumers at Risk | Commonwealth Fund](#); [Misleading Marketing Gtown CHIR .pdf | Powered by Box](#); [They thought they bought Obamacare. But they didn't get insurance : Shots - Health News : NPR](#)

Equity Dimensions of Scam/Non-Compliant Plan Proliferation

The Health Connector views non-compliant health plan marketing and proliferation as a health equity concern.

- While there is limited data on the nature of individuals that tend to purchase non-compliant plans, anecdotally it appears that many are individuals that are lower income and would qualify for subsidized health coverage
- Individuals seeking ACA-compliant health coverage but who end up in a scam/non-compliant plan will be without the core consumer protections that are central to health equity: essential health benefits, guaranteed issue, and community rating – exposures that are more likely to harm individuals with disproportionate disease burdens, women, older residents, and communities of color

Case Study: Commonwealth v. The Mega Life and Health Ins. Co.

A recent case brought by the MA Attorney General in state court illustrates some of the problematic practices of predatory insurance companies.

- In April, a Massachusetts court ruled in favor of the Commonwealth regarding a December 2020 complaint brought by the MA AGO against three related health insurance companies (a carrier, sales agency, and their corporate parent), finding violations of the MA consumer protection law, Chapter 93A, based on deceptive insurance-related sales schemes
- The companies are: HealthMarkets, Inc., Chesapeake Life Insurance Company, and HealthMarkets Insurance Agency, Inc.
- Violations included:
 - Falsely representing the services of their sales agents as “free,” despite such agents charging enrollees repeatedly for those services
 - Misrepresenting sales agents as impartial or unbiased advisers who represented all MA insurers, when such agents were trained and incentivized to aggressively sell the defendant insurer’s products and did not sell forms of supplemental health insurance from all, or even most, other carriers approved to sell them in MA
 - Advertising and selling supplemental specified disease insurance as a substitute for major medical coverage
 - Advertising and selling short term coverage without making necessary disclosures of exceptions and limitations of the policies
 - Sale of short-term health insurance that did not cover comprehensive benefits while stating that enrollees could see “any doctor”
 - Sale of Health Care Sharing Ministry programs using terms like “premium,” “co-pays” and “carriers,” even though such programs are not health insurance

Intersection with Minimum Creditable Coverage

Minimum Creditable Coverage (MCC) plays an important role in incentivizing Massachusetts residents to only purchase comprehensive plans that meet state standards.

- MCC is an important tool in disincentivizing non-compliant plan uptake, but it is only effective if residents understand the requirement and have clear information from those marketing plans
- MCC requires coverage of core benefits and defines certain types of coverage (Medicaid, Medicare, VA Coverage) as compliant– however, MCC does not dictate any dimensions of health insurance rating practices (e.g., a plan could theoretically meet MCC but not adhere to community rating, guaranteed issue, or other rating rules present in the nongroup and small group market under state and federal law)
- The Health Connector revised its MCC regulations in 2020 to tighten requirements for sharing arrangements and collect more detailed information on their practices

If the insured health plan **meets MCC** standards:



This health plan **meets Minimum Creditable Coverage standards** and **will satisfy** the individual mandate that you have health insurance. Please see page # for additional information.

If the plan **does not meet MCC** standards:



This health plan, alone, **does not meet Minimum Creditable Coverage standards** and **will not satisfy** the individual mandate that you have health insurance. Please see page # for additional information.

Consumer Advisories

In recent years, the Health Connector has collaborated with the Division of Insurance and the Attorney General's Office to step up public messages and alerts about how to avoid non-compliant health coverage.

- Helping consumers shop for health coverage from reliable sources like the Health Connector and directly from DOI-licensed carriers
- Reminding consumers of the Health Connector's correct URL
- Pointing out signs of scams or misleading advertising (e.g., cold calls, requests for financial information, requests for information on health status in application questionnaires, etc.)
- CCA has also encouraged Navigators, Assistants, and other outreach partners to fold awareness raising about these issues into their work with the public

Consumer Alert: Shop smart to avoid health insurance scams!

Not all companies that sell health insurance sell good coverage. When you search online, you may find websites that offer health plans that don't meet legal requirements. Many sites make you think you're buying from the state's health insurance marketplace. The websites look real. The plans look affordable. But the health plans often do not offer services or benefits you need. They may not meet state standards. You might end up with big bills if you need care.

Be a smart insurance shopper! Go to the state's official health insurance marketplace at MAhealthconnector.org, to be sure you're getting coverage that meets state standards and potentially getting financial help to lower the cost of your health insurance. It will help you find a plan you can trust.



Choose health coverage you can trust

These 4 tips will help you avoid health plans that won't cover your needs.

1. Watch out for companies and salespeople that sell insurance without a license or enough coverage.

Not everyone is licensed to sell insurance in Massachusetts, and not everyone sells plans that meet state standards. These sites look good, but the coverage might not be good. You may have state tax penalties. You may not qualify for state and federal help to lower your costs.

Some websites to beware of:

www.affordablehealthplans.org
www.affordable-health-insurance-plans.org
www.affordablehealthinsurancetoday.com
www.directhealthinsurance.com
www.getmehealthinsurance.org

www.healthinsurance.com
www.healthcare.com
www.healthinsuranceusa.org
www.masshealthplans.com
www.obamacareplans.com

www.obamacare-rates.com
www.valuehealthquotes.com
www.health-plan-enrollment.com

2. Beware when websites ask for your phone number or other contact information.

Many sites ask for your phone number before they will show you the plans they offer. They may call you and use high-pressure sales tactics. They may claim they have low-cost, name-brand health plans. Don't ever give your contact information just to see the plans a company offers. If a salesperson calls to offer health insurance, use these tips to protect yourself:

- Research a phone number or company online (if possible) to check its history, including "complaint," "scam" or "fraud" in your search.
- Never give your personal or financial information to someone you did not ask to call you. Know that calls from the Health Connector will only come from **1-877-623-6765**. The caller will say, "We're calling from the Massachusetts Health Connector."

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Broad-Based Outreach and Marketing

Marketplace-driven outreach and marketing play an important role in countering misleading marketing of non-compliant plans.

- The Health Connector's primary goal in conducting outreach to the Massachusetts public is to encourage uninsured residents, residents in a coverage gap, or others eligible for CCA coverage to enroll
- Over the years, it's become clear that another important role of broad-based outreach and marketing is to ensure that other market actors selling non-compliant plans are not 'louder' than messages pointing people towards safe, comprehensive plans
- There are still Massachusetts residents who do not know where to turn for trustworthy health coverage, and will be susceptible to messages from market actors seeking to sell products to price sensitive individuals worried about affordability



Enforcement Tools: Trademark

The Health Connector owns trademarks on its name and logo, and enforcement actions based on trademark have helped reduce ads impersonating the Health Connector, but are limited.

- Google and Bing each provide tools for trademark owners to report the unauthorized use of trademarks in paid advertising, and in recent years the Health Connector has used these tools to virtually eliminate infringing uses of its marks in paid advertising
- Nearly all paid ads were for illegitimate sites designed to solicit contact information in order for the individuals to be targeted by phone calls from sales agents pushing coverage that was often from companies not licensed to sell insurance in Massachusetts or was otherwise not comprehensive health insurance coverage
- The use of trademark enforcement, while effective, is limited
 - Not all misleading ads use Health Connector trademarks
 - Not all misleading uses of our trademark occur in paid advertising, and enforcement against “shady” websites is nearly impossible, since their owners are hidden and new sites can easily replace old ones
- The Health Connector has been a leader in this effort, educating fellow State-Based Marketplaces on these tools via quarterly check-in meetings

Enforcement Tools: Government Services Ad Policies

In 2020, Google and Bing rolled out new policies aimed at paid advertising services that are directly available from the government or a delegated provider.

- These policies prohibit companies from buying ads advertising the sale of services otherwise provided by the government, which includes ACA marketplaces
- Unlike trademark enforcement, there is a broader basis to find an ad that infringes the policy and therefore more ads can be removed
- Self-service is still important, and therefore the Health Connector routinely inspects search engines for infringing ads, which today are at a minimum
- However, search results that are not ads remain unaffected by these policies

Mitigation Tool: Search Engine Optimization (SEO)

The Health Connector is currently exploring opportunities to optimize our search engine results (“Search Engine Optimization” or “SEO”) as a way to help make sure people searching for Marketplace and compliant health coverage find the real Health Connector website.

- Presently, when individuals do a web search for the Health Connector or health insurance in Massachusetts, they get an array of results, some of which lead to confusing URLs and URLs that are not associated with the Health Connector or bona fide coverage sources
- Addressing this will help minimize the risks of residents seeking Health Connector coverage but landing on other webpages that may market them non-compliant plans that don’t meet state standards
- CCA expects to have a proposed project plan to optimize search engine results in the coming months and would likely require a two-phase effort
 - The first phase would be to modernize the underlying technology (e.g., website, domain names, hosting, etc.) to allow the Health Connector to then proceed to implement an SEO initiative in the most effective and comprehensive fashion. This highly technical/network work would probably require a technology-oriented vendor
 - The second phase will then be to conduct work to influence and improve the Health Connector’s search engine results (possibly leveraging a SEO-specific or marketing firm)

Special Enrollment Periods

In recent years, the Health Connector has used its Special Enrollment Period (SEP) authority to allow for mid-year SEPs for individuals that ended up in non-compliant coverage.

- The Health Connector seeks to be a ‘safe landing place’ for coverage for individuals who end up in non-compliant plans and need a pathway into bona fide coverage
- Recent examples of SEPs established by the Health Connector for harmed parties include enrollment opportunities for individuals that had been enrolled in:
 - Simple Health (2019)
 - Alera (2019)
 - Salvasen (2022)

Links to administrative bulletins: [Administrative Information Bulletin 01-19 \(mahealthconnector.org\)](https://www.mahealthconnector.org/administrative-information-bulletin-01-19); [Administrative Information Bulletin 02-19 \(mahealthconnector.org\)](https://www.mahealthconnector.org/administrative-information-bulletin-02-19); [Guidance Regarding a Special Enrollment Period for Enrollees in Salvasen Health, LLC, Plans \(mahealthconnector.org\)](https://www.mahealthconnector.org/guidance-regarding-a-special-enrollment-period-for-enrollees-in-salvasen-health-llc-plans)

Next Steps

The Health Connector will continue to monitor and react to the presence of scam/non-compliant plans and will continue to hone and intensify use of the tools it has at its disposal.

- Issuing revised/updated advisory with DOI and AGO, with new details on web marketing
- Analysis of effective tactics that other states may be employing to address these practices
- Greater focus on broad-based messaging to Massachusetts public to ensure that all residents know where to turn for coverage they can count on
- Continued use of trademark and government services ad policy tools
- Development of search engine optimization (SEO) project plan and possible vendor procurement to support
- Continuing to partner with state and federal agencies sharing concerns about individual-level and market impacts of these practices