



Executives Sentenced in \$233 Million ACA Marketplace Fraud Scheme that Funded Luxury Assets

The Centers for Medicare & Medicaid Services (CMS) continues its crack down on fraud, waste, and abuse in the Affordable Care Act (ACA) Marketplace by supporting the Department of Justice in their successful prosecution of a large-scale health insurance enrollment scheme that allegedly generated more than \$180 million in improper federal subsidy payments.

In this case, bad actors operating an insurance brokerage and a marketing company carried out a multi-year scheme to exploit the Marketplace by submitting thousands of fraudulent applications. By falsifying income information and using inaccurate or fabricated consumer data, they secured fully subsidized coverage for individuals who did not meet eligibility requirements, while collecting millions of dollars in improper commissions from health insurance insurers.

The proceeds padded more than just bank accounts—they funded a lavish lifestyle, including a waterfront home in the Florida Keys, an 80-foot yacht, and a Tesla. The individuals behind the scheme were sentenced to 20 years in prison and ordered to pay \$180.6 million in restitution.

This type of fraud not only harms taxpayers—it also harms some of our most vulnerable Americans. The scheme targeted individuals experiencing homelessness, unemployment, and behavioral health challenges. Some were misled or unknowingly enrolled. Others lost legitimate Medicaid or other coverage, disrupting their access to care and creating confusion about their benefits.

CMS has zero tolerance for these abuses and is taking aggressive action to protect consumers and safeguard federal funds.

CMS is Strengthening Marketplace Protections

In response to schemes like this, CMS has taken several key actions to protect consumers and enhance exchange program integrity, including strengthening its ability to review and resolve consumer complaints swiftly and thoroughly, cancel unauthorized and duplicate enrollments, and recoup any advance payments of the premium tax credit (APTC) inappropriately paid to the issuer on the consumer's behalf.

CMS has also finalized additional targeted safeguards across the Marketplace to prevent improper enrollments and hold bad actors accountable:

- **Tighter eligibility and income verification:** In 2025, CMS finalized a rule ending an automatic 60-day extension of the 90-day inconsistency period for income inconsistencies. Beginning in Plan Year 2027, the Federally Facilitated Marketplace will deny advance payments of APTC if enrollees (or their tax filer) did not file their federal income tax return and reconcile APTC for a previous tax year. CMS also finalized a rule that will require additional income verification when IRS data is either unavailable or indicates income below 100% of the federal poverty level (FPL). These provisions will reduce the risk of improper enrollments, protect consumers from surprise tax liabilities, and reduce APTC overpayments and expenditures.
- **Stronger oversight of agents and brokers:** CMS finalized new rules to identify and prohibit certain deceptive marketing practices, including advertising "\$0" plans or offering cash incentives, and require brokers to provide marketing materials for review when requested by CMS.

- **Improved consumer consent protections:** Beginning with enrollments for plan year 2028, agents, brokers, and web-brokers must use an HHS-approved and -created consumer consent form to meet documentation requirements for consumer consent and eligibility application review. This standardized form is intended to more clearly document consumer consent and application review, improve the accuracy of application information, and promote consistent compliance with documentation requirements.
- **Pre-enrollment verification and Special Enrollment Period (SEP) controls:** CMS finalized that pre-enrollment verification is required for at least 75% of SEP enrollments on the Federal platform. CMS also finalized rules ending a special enrollment period that allows individuals with annual household income below 150% of the Federal Poverty Level to enroll in Marketplace coverage once per month.

CMS continues working with federal partners, including the Department of Justice, the Federal Bureau of Investigation, HHS Office of Inspector General, and IRS Criminal Investigation, to investigate fraud and pursue accountability.

Protecting Consumers and Taxpayers

CMS is committed to ensuring Marketplace coverage reaches those who truly qualify while still protecting taxpayer dollars. The agency will continue to enhance oversight, strengthen program integrity, and act against bad actors.

Consumers should regularly review their Marketplace coverage and report any unauthorized changes to the Marketplace Call Center. It's important to work with CMS-registered and Marketplace-certified agents and brokers listed at HealthCare.gov. The credentials of these agents and brokers are verified, which ensures protected personal information and accurate enrollment. Consumers should also be cautious of unsolicited outreach, avoid sharing personal information unless they initiated contact, and use official Marketplace channels, including HealthCare.gov, to confirm or make any changes to their coverage.

Through stronger safeguards and enforcement, CMS is restoring integrity to the Marketplace and protecting Americans from fraud schemes that put both coverage and taxpayer dollars at risk.

Consumers who believe they may have been the victim of an unauthorized agent or broker activity associated with their Marketplace enrollment should call the Marketplace Call Center at 1-800-318-2596 (TTY: 1-855-889-4325) for prompt resolution of any coverage issues.

Sources

<https://www.cms.gov/newsroom/fact-sheets/cms-actions-protect-consumers-strengthen-exchange-program-integrity>

<https://www.cms.gov/newsroom/fact-sheets/2025-marketplace-integrity-and-affordability-final-rule>

<https://www.cms.gov/newsroom/fact-sheets/hhs-notice-benefit-payment-parameters-2027-final-rule>

<https://www.justice.gov/opa/pr/president-insurance-brokerage-firm-and-ceo-marketing-company-sentenced-233m-affordable-care>

