

Marketplace Mismanagement: How Bad Actors Undermine the ACA While Ethical Brokers and Consumers Pay the Price

“The most recent 2025 Open Enrollment Period (OEP) ended with a record-breaking 24 million individuals enrolled in ACA marketplace coverage.”

While this is often [cited](#) as a success, much of the growth was driven by policy decisions that also **enabled fraud, waste, and abuse (FWA)**. Despite growing concerns, **regulatory oversight remains weak**, allowing a small group of bad actors to exploit systemic gaps—harming both consumers and ethical brokers. The ongoing failures in enforcement have not only impacted the integrity of the Marketplace but have also resulted in hundreds of thousands of dollars in lost commissions for ethical brokers who have been unfairly penalized or displaced by fraudulent actors.

The **Center for Consumer Information and Insurance Oversight (CCIIO)** under CMS oversees the Federal Exchange and creates rules for state exchanges. It is responsible for ensuring individual market stability but has failed to **address FWA effectively** due to insufficient resources for enforcement. Instead, CCIIO has relied on **public relations messaging that unfairly blames the entire broker community** rather than fixing systemic issues.

What We Found & Why It Matters

Timeline of Failures and Delayed Reforms

- **2015:** KFF [reported](#) a North Carolina agent enrolling hundreds of homeless individuals into \$0 premium plans.
- **2017–Present:** Ethical brokers repeatedly voiced concerns at CCIIO stakeholder meetings and roundtables regarding increasing fraudulent activity.
- **2022:** CCIIO [acknowledged](#) that some actors were submitting applications with disposable emails and inaccurate data. Instead of enforcement, they merely required brokers to disclose when they did so, with no oversight.
- **2023:** CCIIO introduced a documented consent [requirement](#) for brokers assisting households. However, the policy was loosely defined, with an optional model notice left open to interpretation.
- **April 2, 2024:** Ethical brokers [publicly](#) highlighted systemic failures and how a small but destructive group of bad actors harmed consumers.
- **April 12, 2024:** CMS/CCIIO started publicly reporting on complaints and enforcement.

- **July 2024:** CMS/CCIIO responded by mandating three-way calls between brokers, consumers, and the Marketplace to authorize broker access. Beyond this, they focused on press releases rather than substantive action.

The Reality Behind CMS’s Enforcement Claims

On April 2nd, 2024, with the voices from several ethical brokers around the country, KFF Health News brought to light how [“ACA Plans Are Being Switched Without Enrollees’ OK.”](#) Only 10 days later, on April 12th, in what appeared to be retaliatory, CMS began publicly reporting complaints and enforcement actions in an attempt to discredit most agents/brokers.

- In their last press release CMS stated: *“From January to August 2024, we received 183,553 complaints and suspended 850 agents/brokers for suspected fraud.”*
- On October 7, 2024 NABIP met with CMS/CCIIO leadership (Dr. Ellen Montz, Jeff Grant, and Jeff Wu) to ask how many complaints originated from the ethical brokers who had been reporting the fraud of bad actors on behalf of their clients—CMS had no answer.
- After this meeting and the above report in October, CMS stopped publicly reporting complaint data. Additionally, many of the “850” broker suspensions were overturned, raising serious concerns about CMS’s enforcement process.

Data on Wrongful Broker Terminations

| Month | Brokers Terminated | Brokers Reinstated |
|------------------|---------------------------|---------------------------|
| June | 138 | 99 |
| July | 217 | 175 |
| August | 161 | 116 |
| September | 162 | 101 |

Source: [Healthcare.gov Suspension and Termination List](#)

The Real Issue: Exploitation of Regulations by Call Centers and Private Firms

The primary threat to the Marketplace is not ethical brokers, but call centers and private firms that exploit regulatory gaps: particularly through Enhanced Direct Enrollment (EDE) pathways. These entities use their infrastructure to mass-enroll consumers, often without consent or by manipulating income data to maximize APTC eligibility.



While CMS enforcement actions have focused on individual brokers, **large-scale fraud primarily originates from these firms**, which:

- Operate aggressive outbound call centers to push consumers into plans.
- Enroll consumers without consent or alter application data post-submission.
- Exploit weak income verification rules to fabricate APTC eligibility.

The Speridian Health case exemplifies this problem—where a single EDE entity processed over one million applications, directing enrollments through overseas traffic sources and unauthorized alterations.

Case Study: The Speridian Health Scandal

On **September 2, 2024, CMS/CCIIO suspended Speridian Health**, an **EDE entity** that processed **over one million applications**. This was **not their first suspension**—CMS had previously barred them in **2018 and 2022**, only to **reinstate them each time**.

This time, CMS cited:

- **Suspicious overseas traffic:** *“Multiple users sent traffic to IP addresses geolocated in Hong Kong, India, Ireland, Japan, Pakistan, and Sweden.”*
- **Fraudulent enrollments:** *“CMS has reasonable suspicion, based on credible evidence, that Speridian Companies directed employees and agents to alter Marketplace enrollees’ coverage and enroll insured and uninsured consumers without their consent.”*

Despite these findings, **CMS has repeatedly failed to implement safeguards that prevent bad actors from regaining system access**—while continuing to **target individual brokers instead of large-scale fraudulent operations**.

CMS Admits Lack of Enforcement Resources

NABIP spoke with CMS in January 2025, and we requested more data on fraudulent activities. However, CMS has consistently refused to disclose detailed information over the past decade.

During our discussions, **Jeff Grant**, immediate past Deputy Director for Operations at CCIIO, **admitted** that their team has **resources comparable to only one state insurance department’s oversight division**—a staggering gap given the national scale of the Marketplace.

Despite CMS’s public claims of tackling fraud, their enforcement efforts remain reactive and insufficient, leaving ethical brokers frustrated while allowing bad actors to thrive.

The Financial and Professional Impact of Wrongful Terminations

As of 2021, the national average agent compensation was **\$15.16 per member per month**, according to [KFF](#). While a small portion of plan costs, this is a vital resource for communities. Wrongfully terminating ethical brokers immediately strips them of access to ACA and Medicare enrollment systems, clients, and carrier contracts. Many are reported to state insurance departments, sustaining irreparable harm to their careers and clients.

Out of all of the enrollment assistors that consumers have access to, brokers are the **only** entity legally permitted to answer: "*Which plan would you recommend?*" It is no wonder that nearly 80% of individuals who purchase health insurance, do so with the help of an agent or broker. Losing this expertise disrupts consumer access to informed health insurance decisions.

Based on the "Data on Wrongful Broker Terminations" table, the percentage of reinstated brokers highlights the widespread issue. Even at \$15.16 per member per month, lost wages total hundreds of thousands of dollars, causing financial devastation for brokers and their staff due to the immediate loss of operational cash flow.

Conclusion: Ensuring Integrity While Protecting Consumers and Ethical Brokers

The record-breaking enrollment numbers from the 2025 Open Enrollment Period should not overshadow the growing risks of FWA enabled by weak regulatory oversight. While CMS and CCIIO have taken some steps to address fraudulent activity, their approach has been reactive rather than preventive, focusing on public relations messaging and misplaced enforcement against individual brokers rather than addressing the root causes of fraud.

The real issue lies in the exploitation of the system by call centers and private firms, particularly through EDE pathways, which have allowed mass-enrollment fraud and unauthorized enrollments at an unprecedented scale. Cases like Speridian Health demonstrate how systemic loopholes enable large-scale abuse while ethical brokers—who serve as a critical support system for consumers—are wrongfully penalized.

NABIP stands ready to work with CMS, CCIIO, and policymakers to implement practical, data-driven solutions that strengthen the Marketplace, protect consumers, and ensure a level playing field for brokers who are committed to serving their clients with integrity. However, these solutions must start with meaningful enforcement actions against large-scale fraud, rather than punishing ethical brokers who have fallen victim to these systemic failures.

Acknowledgment of Contributors

The National Association of Benefits and Insurance Professionals (NABIP) would like to recognize the members of our Individual Market Working Group, whose expertise and insights were instrumental in preparing this statement. Their deep knowledge of Marketplace operations, consumer challenges, and regulatory impacts ensures that our feedback reflects the realities faced by brokers, consumers, and insurers alike.

The following members played a key role in shaping this document and are valuable resources for further discussions on Marketplace integrity, affordability, and consumer protections:

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