ANTIFRAUD (D) TASK FORCE

Antifraud (D) Task Force Aug. 4, 2019, Minutes
Antifraud (D) Task Force June. 7, 2019, Minutes (Attachment One)
Antifraud Education Enhancement (D) Working Group July 30, 2019, Minutes (Attachment Two)
Draft: 8/7/19

Antifraud (D) Task Force
New York, New York
August 4, 2019

The Antifraud (D) Task Force met in New York, NY, Aug. 4, 2019. The following Task Force members participated: John G. Franchini, Chair, and Roberta Baca (NM); Trinidad Navarro, Vice Chair (DE); Lori K. Wing-Heier represented by Anna Latham (AK); Keith Schraad represented by Maria Allor (AZ); Ricardo Lara represented by George Mueller (CA); Michael Conway represented by Damion Hughes (CO); Andrew N. Mais represented by Kurt Swan (CT); Stephen C. Taylor represented by Brian Bressman (DC); John F. King represented by Margaret Witten (GA); Dean L. Cameron represented by Elaine Mellon (ID); Vicki Schmidt represented by Tate Flott (KS); Nancy G. Atkins represented by Willie Skeens (KY); James J. Donelon represented by Matthew Stewart (LA); Anita G. Fox represented by Randall Gregg (MI); Steve Kelley represented by Michael Marben (MN); Chlora Lindley-Myers represented by Carrie Couch (MO); Mike Chaney represented by John Hornback (MS); Matthew Rosendale represented by Jeannie Keller (MT); Mike Causey represented by Tracy Biehn (NC); Jon Godfrey represented by Greg Nelson (ND); Bruce R. Ramge represented by Peg Jasa (NE); Marlene Caride represented by Richard Besser (NJ); Jillian Froment represented by Michelle Brugh Rafeld (OH); Glen Mulready represented by Sara Worlen (OK); Kent Sullivan represented by Leah Gillum and Chris Davis (TX); Todd E. Kiser represented by Armand Glick (UT); Scott A. White represented by Richard Tozer (VA); Mike Kreidler represented by John Haworth (WA); and James A. Dodrill represented by Erin K. Hunter and Greg Elam (WV). Also participating were: David Altmair represented by Amy Groszlos (FL); and Lorrie Brouse (TN).

1. **Adopted its June 7 and Spring National Meeting Minutes**

The Task Force met June 7 and April 7. During its June 7 meeting, the Task Force took the following action: 1) discussed the activities of its two working groups, the Antifraud Education Enhancement (D) Working Group and the Antifraud Technology (D) Working Group; 2) received updates from the Coalition Against Insurance Fraud (CAIF) and the National Insurance Crime Bureau (NICB); and 3) heard a presentation concerning the opiate abuse across the country.

Mr. Mueller made a motion, seconded by Mr. Stewart, to adopt the Task Force’s June 7 (Attachment One) and April 7 minutes (see NAIC Proceedings – Spring 2019, Antifraud (D) Task Force). The motion passed unanimously.

2. **Discussed its 2019 Charges**

Superintendent Franchini said in preparation for adopting next year’s charges, the current charges will be exposed for a public comment period ending Aug. 16. He said the comments will be compiled and then distributed in preparation for a conference call in September, at which point the Task Force will review and consider adoption of a 2020 version that will be presented to the Market Regulation and Consumer Affairs (D) Committee. Superintendent Franchini said that he would like the Task Force to be aware of one change concerning the current charges. He said the charge to “coordinate with NAIC committees, task forces and working groups (e.g., Financial Condition (E) Committee, etc.) and provide recommendations for the development of a database to be created and maintained by the NAIC Securities Valuation Office (SVO) specific to tracking the fraudulent financial reporting for chief executive officers (CEO), directors and corporate officers” was discussed and completed at the Spring National Meeting. Superintendent Franchini said it was determined that the information that would be housed in this potential database was already collected on the Special Activities Database (SAD), which was eliminated due to inactivity. Superintendent Franchini said when SAD was eliminated, it was determined that other existing databases already contained the same data that states considered required data. The final decision was that this type of database would not be necessary at this time. Superintendent Franchini said NAIC staff would be issuing a reminder for the comment period and confirmation of conference call date to be determined.


Ms. Rafeld said the Antifraud Education Enhancement (D) Working Group met July 30 and took the following action: 1) reviewed upcoming webinar training that has taken place for this year, as well as two upcoming webinars: a) in August on opioid abuse, presented by Dave Aronberg, Palm Beach Florida State Attorney; and b) in October on fraud investigator safety training, which will be presented by Steve Bodge, Special Investigative (SIU) Unit Major Case Manager with Nationwide Insurance; 2) reviewed the revised NAIC “Basic Fraud Investigations” training course that was updated in February; and 3) requested fraud directors to submit potential training topics to NAIC staff for future events.
Ms. Richardson made a motion, seconded by Mr. Stewart, to adopt the report of the Antifraud Education Enhancement (D) Working Group including its July 30, 2019, minutes (Attachment Two). The motion passed unanimously.

4. **Adopted the Report of the Antifraud Technology (D) Working Group**

Mr. Glick said the Antifraud Technology (D) Working Group met July 30 and took the following action: 1) discussed the creation of an Antifraud Plan Repository that insurers could use to create and store an electronic fraud plan. Mr. Glick said the idea was that this repository would be accessible by insurers and would provide them with the ability to send it to select states in order to meet state reporting requirements. Mr. Glick said in 2016, the Task Force distributed a survey concerning the creation of an electronic database in order to compile information on each state requirements for antifraud plans. He said the Working Group would revise the survey to gather more specific information and send out to have more detailed information, which will help with the creation of this repository. Mr. Glick said that the updated survey would be distributed and that the Working Group plans to meet via conference call to discuss the results and confirm its next steps. Ms. Richardson made a motion, seconded by Mr. Stewart, to adopt the report of the Antifraud Technology (D) Working Group. The motion passed unanimously.

5. **Heard Reports from Interested Parties**

   a. **NICB**

Alan Haskins (National Insurance Crime Bureau—NICB) said at this point, most state legislative sessions are wrapping up with some great success. He said to name a few, Florida, Iowa and Kansas passed legislation concerning the assignment of benefits, and Georgia passed an auto staging bill to help prevent staged accidents. Mr. Haskins said Michigan signed an executive order to create a fraud bill, and the NICB will assist the Michigan Insurance Department with this process. He said the NICB has also assisted Texas with additional resources for funding to help fight the state with its continued fight against insurance fraud. Mr. Haskins said the NICB wants to focus its priorities on providing resources and funding for investigators and prosecutors amongst the states. He said the NICB’s focus will continue to be on disaster responses related to fraud schemes involving contractors that are witnessed after a disaster has occurred, specifically roofing contractors. Mr. Haskins said with NICB will also be focusing on storage fee abuses that have continued to rise across the country. He said that currently there are 21 states that require an antifraud plan and that no other outside organization at the attorney general’s office or others have this requirement. Mr. Haskins said the NICB developed a fraud plan for insurers to use that covers a broad area with some specific guidelines that allow the fraud plans to be created for each state. He said the NICB offers any assistance with the NAIC’s updated of their Antifraud Plan Guideline (MO1690). Mr. Haskins said that he encourages the Task Force to be involved with the Big Data (D) Working Group concerning its discussions on the use of claims data to discover insurance fraud. He said the NICB will host the Insurance Fraud Analyst Academy in October and encourages fraud directors and their legal staff to attend.

   b. **CAIF**

Matthew J. Smith (Coalition Against Insurance Fraud—CAIF) said to date, 174 bills have been introduced into legislation that represented 42 out of the 50 states. In addition, there have been 39 new antifraud laws introduced throughout the country. He said that he has distributed a handout concerning the CAIF’s updated Insurance Antifraud Act. Mr. Smith sad the model was last updated in 1998 and needed to be revised to encompass the new era. He said the revised model was adopted during the CAIF’s June midyear meeting and then also by the National Council of Insurance Legislators (NCOIL). Mr. Smith said the CAIF distributed a national fraud directors survey at the beginning of the year and to date has received 50% of state responses. He said the CAIF will be reaching out to confirm state response. The goal will be to have responses from all states by end of October.

Mr. Smith said the Healthcare Fraud Prevention Partnership (HFPP), which was co-founded by the CAIF and housed at the federal Centers for Medicare & Medicaid Services (CMS), contains the largest database of medical fraud information in the nation. Mr. Smith said it has been estimated to have saved Americans $400 million in medical fraud. He said the HFPP Executive Board will plans to meet Sept. 17. He said the CAIF is working with the HFPP to expand the collection and data services so that they are available property/casualty (P/C) lines.

Mr. Smith said the CAIF would like to reach out to states concerning health sharing ministries. He said the CAIF encourages states to issue a warning on their department web page that warns consumers about health share ministries and that they are not regulated by the states. Mr. Smith said this fall, the CAIF will roll out a “toolkit” with antifraud information. He said the toolkit will be a comprehensive group of information all housed in the toolkit to assist states. Mr. Smith said the toolkit will consist of 15 consumer-awareness videos and specific antifraud graphics that can be customized for states’ specific use to promote consumer awareness. He said the CAIF’s year-end meeting will take place Dec. 16–17.
6. Discussed Cheek Swabbing

Ms. Rafeld said in April, NAIC staff issued an email concerning the swabbing cheeks of seniors. She said the scam took place when people visited senior-living communities and low-income neighborhoods, offering to perform free DNA tests for cancer or other life-threatening diseases and collecting information from people enrolled in government health programs. Ms. Rafeld said this has recently progressed beyond seniors and has now begun hitting the project market. She said health maintenance organizations (HMOs) and preferred provider organizations (PPOs) are allowing the testing, and some vendors are setting up nonprofits to pay the first $1000 of deductible for consumers so the bills can be sent through. Ms. Rafeld said this is in the beginning stages of progressing beyond the focus on seniors and that she wanted to bring this to the Task Force’s attention.

Having no further business, the Antifraud (D) Task Force adjourned.
The Antifraud (D) Task Force met in Kansas City, MO, June 6, 2019. The following Task Force members participated: John G. Franchini, Chair, and Roberta Baca (NM); Trinidad Navarro, Vice Chair (DE); Lori K. Wing-Heier represented by Jacob Lauten (AK); Keith Schraad represented by Scott Greenberg (AZ); Doug Ommen represented by Jared Kirby (IA); Nancy G. Atkins represented by Willie Skeens (KY); Anita G. Fox represented by Joseph Thomas (MI); Mike Causey represented by Angela Hatchell (NC); Bruce R. Ramge represented by Kimberly Church (NE); Jillian Froment represented by Angela Dingus (OH); Andrew Stolfi represented by Brian Fordham (OR); Todd E. Kiser represented by Armand Glick (UT); and Scott A. White represented by Mike Beavers (VA). Also participating was: David Altmair represented by Simon Blank (FL).

1. Discussed its Spring National Meeting Minutes

Superintendent Franchini said that the Task Force has not met a quorum for the interim meeting today and will consider adoption of its April 7 minutes at the Summer National Meeting.

2. Heard Reports from Interested Parties

a. NICB

Howard Handler (National Insurance Crime Bureau—NICB) said there are specific areas the NICB has been focusing on since the beginning of 2019. He said the NICB has tracked legislation in 11 states and will continue to track and assist states as necessary. Mr. Handler said one of the many areas the NICB is assisting is with the continued work on towing and storage legislation being introduced. He said the NICB is also monitoring disaster response activities involving the solicitation of roofing contractors and auto glass claims. Mr. Handler said other areas include vehicle crime and vehicle theft. He said the NICB will continue its efforts to assist states with the fight against fraud, including providing presentations, workshops and conferences.

b. CAIF

Matthew J. Smith (Coalition Against Insurance Fraud—CAIF) said the CAIF is monitoring 174 bills that have been introduced, representing 42 out of the 50 states. Mr. Smith said to date, there are 39 new antifraud laws throughout the country. He said through the CAIF’s research and public opinion surveys, it determined that roughly 80% of Americans are concerned about insurance fraud. Mr. Smith said the movement taking place at the legislative level shows an increase in insurance fraud. Mr. Smith said the CAIF meets twice a year—the first is its mid-year meeting, typically in June, and the second is its end of year meeting, typically in December. He advised that this year, the its end of year meeting will take place Dec. 16—17 in the Washington, DC, area. Mr. Smith said on June 3, the CAIF adopted an updated version of its Insurance Fraud Model Law, which will be introduced to the National Council of Insurance Legislators (NCOIL) at its upcoming meeting. Mr. Smith said the CAIF will continue assisting states and its members as necessary to fight insurance fraud and protect consumers.

Commissioner Navarro said he would like to have a summarized list showing the many bills being introduced and the 39 new antifraud laws that have been implemented. Mr. Smith agreed and said this is something the CAIF could create for the Task Force.

3. Heard a Presentation on Opiate Abuse Across the Country

Dave Aronberg (Palm Beach County State Attorney) provided a presentation titled “It’s An Epidemic! Opiate Abuse Across the Country.” The presentation focused on the opioid abuse taking place across the country. Mr. Aronberg said the start of the opioid epidemic began in December 1995 when the U.S. Food and Drug Administration (FDA) approved the use of OxyContin, a strong prescription medicine used when an opioid medicine is needed to manage severe pain enough to require daily around-the-clock, long-term treatment with an opioid, when other pain treatments such as non-opioid pain medicines or immediate-release opioid medicines do not treat pain well enough or cannot be tolerated them. Mr. Aronberg said that this, along with similar opioids, are designed to be used on an as-needed basis for pain. Mr. Aronberg said unfortunately, this hit the streets.
across mainstream America and has resulted in an increasing number of deaths. He addressed different types of opioids available and the severity of addictions caused. He explained the various ways opioids are being distributed across America, including sober homes and treatment centers. Mr. Aronberg said in 2016, Florida created a Sober Home Task Force, which focused on Palm Beach County, the epicenter of opioid crisis. He said with the assistance of the Task Force and the state’s continued efforts, opioid deaths decreased by 41% from 2017 to 2018. Mr. Aronberg said continued public awareness and education to the public is essential to fighting opioid abuse.

Having no further business, the Antifraud (D) Task Force adjourned.
The Antifraud Education Enhancement (D) Working Group of the Antifraud (D) Task Force met via conference call July 30, 2019, in joint session with the Antifraud Technology (D) Working Group of the Antifraud (D) Task Force. The following Antifraud Education Enhancement (D) Working Group members participated: Michelle Brugh Rafeld, Chair (OH); Simon Blank (FL); Matthew Stewart (LA); Roberta Baca (NM); and Armand Glick (UT). Also participating was: Scott Greenberg (AZ). The following Antifraud Technology (D) Working Group members participated: Armand Glick, Chair (UT); Scott Greenberg, Vice Chair (AZ); George Mueller (CA); Simon Blank (FL); Matthew Stewart (LA); Roberta Baca (NM); Michelle Brugh Rafeld (OH); and Mike Beavers (VA). Also participating was: Michael Lang (TX).

1. Discussed 2019 Education/Training

Ms. Rafeld said the purpose of today’s call is to: 1) discuss the Antifraud Education Enhancement (D) Working Group’s training and education that it has lined up for the year; and 2) generate some discussion on training that the Working Group would like to see in the future. Ms. Rafeld said in addition to the education portion, the conference call was scheduled to begin discussions on creating an Antifraud Plan Repository. She said the Antifraud (D) Task Force gave direction to the Antifraud Technology (D) Working Group to review and determine the process necessary for creating this repository. Ms. Rafeld said the work on this repository would directly affect both working groups. Because there are a lot of the same members that participate in both working groups, a joint conference call seemed more efficient.

Ms. Rafeld said in February, the NAIC Education and Training Department rolled out a new “Basic Fraud Investigations” course. She said all of the modules, presentations, handouts and exercises associated with the original course were updated to bring the course up to date with training standards adopted by the NAIC Education and Training Department. Ms. Rafeld said the online course is offered on a monthly basis to assist state insurance regulators in training new fraud and enforcement employees, and individuals are able to earn 26 hours of continuing education (CE) as a result of taking the course. She said by the Spring National Meeting, 39 individuals had enrolled and taken the course. Based on feedback, the course received a 4.6 out of 5 rating. Ms. Rafeld said the course is free to all state insurance department employees, and fraud directors are highly encouraged to enroll new investigative staff members in the course.

Ms. Rafeld said in 2017, the Antifraud Education Enhancement (D) Working Group had discussed working with the NAIC Education and Training Department to create a basic training course specifically geared toward fraud investigators and a basic training course specifically geared toward enforcement investigators. She said the Working Group members supported the development of these individual courses. Ms. Rafeld said she will work with the NAIC Education and Training Department and will continue to provide the Working Group members with updates.

Ms. Rafeld said on Jan. 25, the NAIC hosted a safety training webinar for the private sector field. She said Nationwide Special Investigations Unit (SIU) Manager Steve Bodge presented. Ms. Rafeld said the webinar was well received, with more than 200 individual participating. She said that she is currently working with the NAIC Education and Training Department for a safety training webinar geared toward department of insurance (DOI) investigators. Ms. Rafeld said once a date has been confirmed, the information will be shared with the Working Group and Antifraud (D) Task Force. Ms. Rafeld said Greg Welker (NAIC) has asked Florida State Attorney Dave Aronberg to present a webinar on the ongoing opioid epidemic and discuss efforts, including those used by Palm Beach County, to clean up fraud associated with drug treatment and sober homes. Ms. Rafeld said the NAIC Education and Training Department will be sending out information about the upcoming webinar in the near future and will also make information available on the NAIC’s website.

2. Discussed the Antifraud Plan Repository Project

Mr. Glick said in 2016, the Antifraud (D) Task Force had discussions concerning the creation of an electronic database that insurers could use to create and store their electronic fraud plan. Mr. Glick said the idea was that this repository would be accessible by insurers and provide them with the ability to send it to selected states in order to meet state reporting requirements. Mr. Glick said in 2016, the Antifraud Education Enhancement (D) Working Group distributed a survey to all fraud directors to learn more about how fraud plans are treated in their states. He said at the time the survey was issued, the Working Group received 30 responses. Between the responses and additional research, to the Working Group determined that approximately 50% of the states require a fraud prevention plan to be completed by a company. Mr. Glick said since it has been a while since
the survey was completed, the Working Group would be distributing it again to get updated responses. Mr. Glick said the Working Group would use the survey results to continue further discussion regarding the creation of this repository.

The Working Group discussed and received unanimous agreement from state insurance regulators and industry representatives that this type of repository would be useful and that they support the decision to continue with its creation.

Mr. Glick said that the updated survey would be distributed and that the Working Group plans to meet via conference call to discuss the results and confirm its next steps.

Having no further business, the Antifraud Education Enhancement (D) Working Group and Antifraud Technology (D) Working Group adjourned.