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## What 24 fake applications prove about Obamacare subsidies

<https://www.washingtonpost.com/opinions/2025/12/08/aca-subsidies-gao-insurance-broker/>

The Senate plans to vote this week on a proposal to extend Affordable Care Act subsidies for three years. Fortunately this misguided legislation is certain to fail.

On party-line votes in 2021 and 2022, Democrats invoked the pandemic emergency to temporarily expand eligibility for Obamacare insurance subsidies. Preserving these credits, which are due to expire at the end of the year, would cost \$350 billion over the next decade. Democratic leaders are trying to keep the subsidies intact without reforms to address abuse that has grown rampant in the system.

A report issued last week by the nonpartisan Government Accountability Office underscores why that should be a nonstarter. **Investigators submitted 24 phony applications for Obamacare subsidies** in the past two years, and **all but one were approved**. This was true of applications submitted via HealthCare.gov, which accepted fake identification documentation, and insurance brokers, some of which never even asked the auditors to verify their identity.

People with incomes between 100 percent and 150 percent of the federal poverty level **are eligible for full-premium subsidies**, which are paid directly to insurance companies. Income verification is porous. In one case, an applicant was told that their income was confirmed “based on documentation.” No documentation had been submitted.

The GAO estimates that \$21 billion was paid out, in 2023 alone, for enrollees who never confirmed that their subsidy matched their income.

Since the expanded subsidies came into effect, the number of enrollees in the marketplace plans who make zero claims has soared. The number was stable between 3 million and 4 million before 2021 and increased to more than 11 million last year, according to data from the Centers for Medicare and Medicaid Services (CMS).

Not using coverage is not evidence of fraud on its own. About 16 percent of non-senior adults on private insurance markets don't use insurance in a given year. But 35 percent of Obamacare marketplace plans had zero claims in 2024, up from below 20 percent before subsidies expanded.

It seems clear that **some brokers and insurers** are taking advantage of a poorly designed system to line their pockets. The most common fraud situation seems to be that **people have been signed up for plans without their knowledge**.

They either don't want insurance or already have coverage, but brokers signed them up for fully subsidized plans. Since the subsidies are transferred directly from the government to the insurance companies, **the "customers" might not even know it happened**.

***"fully subsidized plans" means the client never sees a bill, but the insurance company gets fully reimbursed by the tax payers (that is the federal govt)***

The insurance companies get a full premium payment from an account they know will have zero claims, and the broker gets a big commission. CMS says it received 275,000 complaints between January and August last year from people who found they were either enrolled in a plan or had their coverage changed without their consent. The agency has tried to crack down on bad actors and changed rules around broker commissions.

Federal prosecutors are pursuing particularly egregious cases. Last month, a federal jury in Florida convicted the president of an insurance brokerage firm and

the CEO of a marketing company for seeking to defraud the government out of \$233 million by collecting commissions for fake plans.

Many honest people will feel the squeeze next year, but any serious effort to extend Obamacare subsidies would need to include lower income caps, require some out-of-pocket premiums and impose additional anti-fraud protections.