

ANTIFRAUD (D) TASK FORCE

Antifraud (D) Task Force September 23, 2009, Minutes

Antifraud (D) Task Force, September 22, 2009, WG Reports Summary (Attachment One)

Antifraud (D) Task Force, Proposed 2010 Charges (Attachment Two)

Antifraud (D) Task Force
Washington, DC
September 23, 2009

The Antifraud (D) Task Force met in Washington, DC, Sept. 23, 2009. The following Task Force members participated: Sandy Praeger, Chair, represented by Ted Clark (KS); Kim Holland, Vice Chair, represented by Michael Ridgeway (OK); Linda S. Hall represented by Linda Brunnette (AK); Steve Poizner represented by Michael Goddard (CA); Gennet Purcell represented by Steve Perry (DC); Kevin McCarty (FL); J.P. Schmidt represented by Gordon Ito (HI); Susan E. Voss represented by Cindy Schmell (IA); Michael T. McRaith represented by Joe Weinholt (IL); Carol Cutter represented by Doug Webber (IN); James J. Donelon represented by Warren Byrd (LA); Ralph S. Tyler, III represented by Carolyn Henneman (MD); John Huff represented by Angela Nelson (MO); Mike Chaney represented by John Hornback (MS); Wayne Goodwin represented by Angela Ford (NC); Scott J. Kipper represented by Joy Miller (NV); James J. Wrynn represented by Steve Nachman (NY); Mary Jo Hudson represented by Sue Real (OH); Joel Ario represented by Deborah Lee (PA); Kent Michie represented by Armand Glick (UT); Mike Kreidler (WA); and Jane L. Cline represented by Greg Elam (WV).

1. Federal and International Enforcement Coordination Working Group

Mr. Ridgeway stated revisions to the 18 USC 1033 & 1034 Guidelines would be distributed prior to or during the Winter National Meeting. The Working Group will seek public comment from interested regulators and interested parties.

2. Antifraud Liaison Working Group

Mr. Perry said the Working Group will release a second draft of the proposed Antifraud Plan Guidelines prior to or during the Winter National Meeting. During the Winter National Meeting, the Working Group would like to hear public comments and discussion on the draft. Some federal bills pending in Congress may affect some content in the Guidelines. The Working Group will monitor the legislation closely.

Mr. Perry encouraged states and interested parties to apply for participation in the Consortium to Combat Health Care Fraud. This organization is sponsored by the National Health Care Anti-Fraud Association (NHCAA), the Coalition Against Insurance Fraud (CAIF) and the National Insurance Crime Bureau (NICB).

Mr. Perry said all states will receive two surveys from the CAIF this year—the traditional quantitative survey regarding state insurance fraud departments' annual statistical questions, and one asking specific economic questions. Mr. Perry stated that the answers on the second survey will not be attributed to particular states, but will be reported anonymously.

The Task Force received legislative, educational and organizational updates from NHCAA, CAIF, NICB, the Financial Crimes Enforcement Network, the Office of Foreign Asset Control, the Department of Labor Employee Benefits Security Administration and the Blue Cross and Blue Shield Association.

3. Agent and Unlawful Activities Working Group

Mr. Nachman said the Working Group held a regulator-only phone call with the Centers for Medicare and Medicaid Services (CMS) Sept. 15 to discuss investigations and future collaboration with the hope to increase fraud investigation referrals from CMS to state insurance departments.

Mr. Ridgeway moved to adopt the written reports of all of the Task Force working groups. Ms. Schmell seconded. There was no discussion. The motion passed unanimously.

4. 2010 Antifraud Task Force Charges

Mr. Clark reviewed the proposed 2010 charges for the Task Force. He stated that the proposed charges must be adopted by the Market Regulation and Consumer Affairs (D) Committee. There were no comments from the Task Force members, interested regulators or interested parties. Ms. Schmell moved to forward the proposed charges of the Task Force to the D Committee for approval and adoption. Mr. Perry seconded. There was no discussion. The motion passed unanimously.

Having no further business, the Antifraud (D) Task Force adjourned.

2009 Fall National Meeting
Washington, DC

ANTIFRAUD (D) TASK FORCE
Tuesday, September 22, 2009

REPORTS OF THE WORKING GROUPS

The following reports of the Antifraud (D) Task Force are provided for approval during the Fall National Meeting:

1. Agent and Unlawful Activities Working Group – Steve Nachman (NY), Chair

State insurance regulators will meet with representatives of the U.S. Centers for Medicare and Medicaid Services (CMS) in closed session Sept. 23. The purpose of this meeting is to specifically discuss mutual investigations. The Working Group also is collecting information regarding methods to enhance investigations and prosecution of insurance fraud and enhancement of cooperation and coordination between state fraud bureaus and law enforcement. Outstanding information should be returned to Keri Kish (NAIC), kkish@naic.org.

2. Federal and International Enforcement Coordination Working Group – Mike Ridgeway (OK), Chair

The Working Group continues to review possible revisions to the guidelines on 18 U.S.C. 1033 and 1034. The Working Group also is collaborating with Dr. Peter Budetti, NAIC visiting professor in health insurance fraud, regarding the mandatory coordination between federal and state governments and the health care fraud and abuse program.

3. Antifraud Liaison Working Group – Steve Perry (DC), Chair

The Coalition Against Insurance Fraud has begun distribution of a state insurance fraud bureau survey. The Working Group encourages state insurance fraud bureaus to participate in the survey. Mr. Perry also encourages state insurance departments to consider membership in the Consortium to Combat Medical Fraud. For more information, contact Mr. Perry at stephen.perry@dc.gov.

4. Antifraud Training and Seminar Working Group – Michelle Brugh (OH), Chair

The Working Group requests that state insurance departments and fraud bureaus provide possible topics for NAIC training. The Working Group also seeks information from industry members, service providers and other interested parties on training topics, as well. The Working Group would like to enhance their trainings and increase attendance.

The regulator-only Insurance Fraud Investigators Boot Camp, hosted by the Antifraud Task Force July 27 and 28 at the NAIC in Kansas City, was well attended. Evaluations showed that the program was well-received. In response to comments, the Working Group is considering creating an online course with two tracks: enforcement and investigations.

The Working Group is seeking recommended topics and speakers for the 2010 Antifraud Seminar. This seminar is open to everyone. This training will be held at the NAIC Central Office. The Working Group asks regulators and interested parties to provide comments on topics and potential dates, as they would like to determine a good time of the year to host this training. Please send this information to Keri Kish (NAIC) at kkish@naic.org.

5. Information Sharing and Technology Working Group – Cindy Schmell (IA), Chair

State insurance regulators should contact Cindy Schmell for access to the FBI Law Enforcement Only Web site. NAIC OFRS Web service is nearly complete. NICB is completing beta testing and reports that information will soon be available for states via OFRS sometime in October.

6. NAIC Enforcement Coordination Working Group – Barbara Richardson (NH), Chair

The NAIC, NASAA and FINRA continue to work towards planning a regulator-only Sales, Suitability and Supervision Training for 2010. This one-and-one-half-day program is tentatively scheduled to follow either the NAIC Summer or Fall National Meeting. The first one-half day may have open attendance. The second full day will be for regulators only. More information will follow as it becomes available, and will be posted on the Antifraud Task Force page on the NAIC Web site.

2010 PROPOSED CHARGES NEW OBJECTIVES AND GOALS

Draft: 9/9/09

ANTIFRAUD (D) TASK FORCE

The mission of the Antifraud (D) Task Force is to serve the public interest by assisting the state insurance supervisory officials, individually and collectively, to promote the public interest through the detection, monitoring and appropriate referral for investigation of insurance crime, both by and against consumers. The Task Force will assist with the following: (1) maintain and improve the electronic databases regarding fraudulent insurance activities; (2) disseminate the results of research and analysis of insurance fraud trends, as well as case-specific analysis, to the insurance regulatory community; (3) provide a liaison function between insurance regulators, federal, state, local and international law enforcement and other specific antifraud organizations; and (4) coordinate between state and federal regulators regarding the USA PATRIOT Act anti-money laundering amendments to the federal Bank Secrecy Act. The Task Force also will serve as a liaison with the NAIC Information Systems Division and other NAIC committees to develop technological solutions for data collection and information-sharing. The Task Force will monitor all aspects of antifraud activities by its working groups and subgroups on the following charges.

Ongoing Support of NAIC Programs, Products or Services:

1. Appoint the **Antifraud Training and Seminar Working Group** to (1) evaluate alternative training sessions and online courses regarding insurance fraud issues of importance for insurance regulators, the industry and interested parties; (2) develop and present the Advanced Antifraud Seminar; (3) develop the agenda for the 2011 Basic Insurance Fraud Investigation Training for Regulators; and (4) develop educational course targeting investigations of enforcement actions.—*Essential*
2. Appoint the **Information Sharing and Technology Working Group** to (1) evaluate sources of antifraud data and propose methods for enhancing the utilization and exchange of information among insurance regulators, fraud investigative divisions, law enforcement officials, insurers and antifraud organizations; (2) recommend secure systems for the dissemination of confidential information between insurance fraud agencies; and (3) develop or address any other projects related to technology or information-sharing that develop over the following year.—*Essential*
3. Appoint the **Antifraud Liaison Working Group** to (1) explore alternatives to enhance relationships with the industry's special investigation units (SIUs), external private sector antifraud entities and antifraud organizations; (2) update the *Survey on State Insurance Department Antifraud Resources Report*; (3) develop an antifraud plan guideline; (4) review participation in or provide support for "National Insurance Fraud Prevention Week/Day" or similar project supported by outside organizations; (5) provide advisory role to the Coalition Against Insurance Fraud (CAIF), International Association of Special Investigation Units (IASIU), National Insurance Crime Bureau (NICB), National Healthcare Antifraud Association (NHCAA) and other antifraud associations as necessary or requested; and (6) track national insurance fraud trends and provide information.—*Essential*

**2010 PROPOSED CHARGES
NEW OBJECTIVES AND GOALS**

4. Appoint the **Federal and International Enforcement Coordination Working Group** to (1) coordinate with state, federal and international law enforcement agencies in addressing antifraud issues relating to the insurance industry; (2) support insurance regulator efforts to gain access to the FBI Fingerprint Identification Record System/Criminal History Record Identification System; (3) monitor and recommend appropriate guidance on state issues arising from the application of 18 U.S.C. 1033, 1034; (4) complete revision of existing 18 USC 1033, 1034 guidelines; and (5) develop recommendations to increase mandatory coordination between federal government and state insurance regulators regarding health care fraud and abuse program.—*Essential*

5. Appoint the **Agent and Unlawful Activities Working Group** to (1) develop methods to enhance the investigation and prosecution of agent fraud; (2) identify and develop recommendation for coordination and cooperation between state insurance department and law enforcement authorities on insider insurance fraud; (3) develop recommendations to enhance and increase mutual data-sharing between state insurance regulators and the U.S. Centers for Medicare and Medicaid Services (CMS); (4) develop recommendations to increase collaboration regarding fraud investigations with CMS; and (5) in conjunction with the Antifraud Training and Seminar Working Group, develop educational programs regarding investigations in enforcement actions.—*Essential*

6. Appoint the **Securities Enforcement Coordination Working Group** to (1) develop an education and training seminar in cooperation with representatives from securities regulation; and (2) identify and develop recommendations for cooperation and communication between insurance and securities regulators.—*Essential*

Sponsors for 2010 Charges
(Except as noted, I support all charges)

Susan E. Voss
Iowa

Kim Holland
Oklahoma

Sandy Praeger
Kansas

Staff Support: Keri Kish