

# Protecting Medicare Beneficiaries: Addressing Fraud, Flex Card Risks, and Recent Scams

*Center for Medicare Advocacy*

The Center for Medicare Advocacy (CMA) is a national, nonprofit law organization that works to advance access to comprehensive Medicare coverage, health equity, and quality health care for older people and people with disabilities. As such, we monitor national policies and trends that have potentially negative impacts on people with Medicare. Below are three issues CMA has been watching in recent months.

## **Efforts to help beneficiaries who lose money to fraud**

Earlier this year, Sen. Angus King tried to raise awareness about an issue impacting some Medicare beneficiaries who have experienced fraud following high-value transactions. As noted in a press release issued by Sen. King's office titled [King Urges Government Agencies to Protect Fraud Victims from Losing Access to Medicare](#) (June 13, 2024):

"If someone makes an individual retirement account ("IRA") withdrawal or realizes a capital gain on the sale of a home, then the person must report that income to the Internal Revenue Service ("IRS"). The Social Security Administration ("SSA") uses this information to determine a senior's eligibility for benefits under Medicare subsidy programs."

The letter to SSA and the Centers for Medicare & Medicaid Services (CMS) cited in the press release continues:

"Higher income can disqualify a senior from receiving Medicare premium subsidies even if a senior loses that income to fraud. If an elderly person makes a large IRA withdrawal or sells their home and then is defrauded of proceeds from either transaction, then the senior still must report income to the IRS. Medicare regulations prevent SSA from disregarding that income for subsidy calculation purposes unless the senior provides proof that someone has been convicted of fraud against them."

Noting that many fraudsters are not caught, the current rule at [20 C.F.R. §418.1255\(e\)](#) requires fraud victims to substantiate that

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fraud occurred by providing proof of conviction of the fraudster. In his letter to SSA and CMS, Sen. King asks the agencies to change existing Medicare rules so that people who experience fraud can instead substantiate fraud claims through sworn affidavits.

### **Medicare Advantage flex cards: a benefit with potential unintended consequences**

Another way Medicare beneficiaries may have their eligibility for certain public benefits compromised is through a benefit available in many Medicare Advantage (MA) plans.


As noted in a CMA [Alert](#) (Oct. 3, 2024), many MA plans offer flex cards that can sometimes be used to pay for over-the-counter medical expenses, food items, and certain utilities, such as electric, internet, and cable. The amount of money available through the cards, as well as their permitted uses, vary by plan. CMA learned that certain individuals dually eligible for Medicare and Medicaid in Connecticut who also receive federal assistance for housing through the Department of Housing and Urban Development (HUD) learned that their rent would increase because the money the MA plan provides through the card is being counted as income. The CMA Alert also described how other organizations, such as [LeadingAge](#), say that flex cards can impact eligibility for and receipt of other public benefits.

On October 11, 2024, Rep. Lloyd Doggett led a congressional sign-on [letter](#) to the White House urging clarification that MA flex cards should be excluded from calculation of income when determining eligibility for government benefits programs. As of press time, there has been no such clarification issued.

Also, while flex cards are legitimately offered through MA plans, they have been subject to scams, too. As noted in an [article](#) in Fortune published last year, “con artists are running ads claiming that people on Traditional Medicare can get flex cards with hundreds of dollars on them to be used for making purchases. In reality, there are no flex cards for Traditional Medicare.”

### **Recent scams highlighted by the Social Security Administration**

Because financial loss can directly impact health outcomes, it is important to increase prevention by educating older adults on fraud trends. The Social Security Administration’s (SSA) Office of the Inspector General (OIG) regularly reports on scams that try to obtain personal information or money from Medicare beneficiaries. (See the scams [section](#) of SSA’s website). As stated by SSA, while scammers “might call, email, text, write, or message you on social media,” SSA employees do not contact the public by telephone for business purposes.




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Here are two recent scams to be on the lookout for:

### **COLA scam**

On October 11, 2024, SSA issued a [Scam Alert](#) related to the annual Cost of Living Adjustment (COLA) for individuals receiving Social Security benefits. While the COLA is automatic and will take effect in January 2025, scammers are disseminating false information claiming that steps need to be taken in order to obtain the COLA. As noted by SSA, "No additional information is required for you to receive the legitimate COLA increase."

### **Hybrid scams**

In August 2024, SSA issued a [Scam Alert](#) related to "long-con" scams when, for example, scammers use fake Amazon or PayPal tech support emails and texts to connect someone with a fake SSA employee. The fraudulent messages often claim that something is wrong with an individual's Amazon or PayPal account. While trying to fix the fake issue, the scammer states that they also found other problems, such as with an individual's Social Security number, and then offer to assist by pretending to be with SSA. 



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