

## WY SELECT COMMITTEE ON TRIBAL RELATIONS

Date: May 22, 2025

Fort Washakie, WY

### FRAUDULENT OUT-OF-STATE SUBSTANCE ABUSE AND MENTAL HEALTH TREATMENT CENTERS ARE TARGETING AND EXPLOITING WYOMING'S NATIVE AMERICAN POPULATION

#### THE ISSUE

BCBSWY is the latest health plan to be hit by fraudulent residential treatment centers that recruit and exploit vulnerable members suffering from substance abuse and mental health disorders.

Blue Cross Blue Shield of Wyoming (BCBSWY) has identified a significant health care fraud scheme that presents an immediate and ongoing threat to the health and welfare of Wyoming's Native American communities and other vulnerable adult populations. The scheme centers around fraudulent enrollments in health insurance plans offered through the Federal Marketplace, driven by a form of "body brokering." In this practice, individuals—often from shelters or tribal communities—are recruited or coerced into traveling to out-of-state residential treatment centers in California, Arizona, and Florida.

BCBSWY's investigation revealed that many of these enrollees are not legitimate Wyoming residents, despite applications submitted with falsified Wyoming driver's licenses and counterfeit tribal identification. Alarming, some of the identities used may be entirely fictitious. Fraudulent treatment centers exploit these false enrollments by signing individuals up for zero-premium, zero-cost-share insurance plans and billing for substance abuse and mental health treatment services that are never rendered. In some reported cases, facilities have supplied individuals with drugs to prolong their stay and continue billing insurers. Many are ultimately abandoned in unfamiliar states without proper care or resources.

BCBSWY has begun the recission process with CMS. Of the over 1,500 enrollees identified as potentially fraudulent in both Native and non-Native plans. Less than 40 have been confirmed as legitimate, real marketplace enrollees eligible and appropriately enrolled in Marketplace plans

#### WHY THIS IS ESPECIALLY HARMFUL

This scheme exploits federal programs that were intended to increase Native access to health care, exposing vulnerable populations to further trauma. It manipulates individuals seeking treatment for substance abuse disorders into inadequate treatment and then leaves them stranded with no means to return home once the fraudulent providers can no longer collect on fraudulent claims. This scheme forces tribal governments, insurers, and government agencies to allocate significant resources to investigate and prosecute fraud, draining resources from Native American members appropriately enrolled in BCBSWY plans and stirring distrust in the healthcare system.

#### The Consequences:

- Members suffering from substance abuse and/or mental health concerns continue to be exploited by fraudulent facilities for financial gain and are abandoned out of state with no means to return home.

- BCBSWY will be forced to evaluate whether it will need to cut out-of-network benefits for the 2026 plan year.
- The federal government has proposed changes to program integrity rules to cut the monthly special enrollment periods for enrolled members of federally recognized tribes, forcing members into one opportunity to enroll in health insurance per year.
- As BCBSWY works to identify fraudulent providers, legitimate providers may be caught in the crosshairs, facing inadvertent administrative burdens until proper verification is received.

## POLICY AND PARTNERSHIP RECOMMENDATIONS

1. Stronger oversight and licensing requirements for behavioral health and substance abuse treatment facilities within to prevent providers from relocating into Wyoming next, especially those accepting Medicaid or Indian Health funds;
2. Immediate suspension and audit protocols for residential treatment centers with sudden spikes in American Indian/Alaska Native enrollees or large numbers of out-of-network claims;
3. A state-tribal task force to investigate fraudulent operators and prevent cross-jurisdictional abuse;
4. Funding support for tribal-led recovery centers that offer culturally grounded, community-based treatment; and
5. Legal accountability for recruiters and facilities engaged in deceptive practices.

## THE DATA



**106% increase in  
SUD/MH diagnoses  
between 2023-2024**



**Enrollment in  
native American  
marketplace  
plans increased  
from 300 to 1,300**



**Approximately  
\$9.9 million in total  
out-of-network,  
out-of-state spend  
so far in 2025**

### If Wyoming residents suspect fraud or have been victimized, they should:

Contact their insurance company, report the suspected fraudulent activity to state authorities including Wyoming Department of Insurance's consumer affairs section at 307.777.7402, and file an online complaint at <https://doi.wyo.gov/consumers>.

They may also contact the WY Department of Health for Medicaid fraud concerns at <https://health.wyo.gov/healthcarefin/program-integrity/> or notify the National Insurance Crime Bureau (NICB).

**BCBSWY Contact:** Kelsey Prestesater, Government Affairs Principal & Privacy Officer,  
[Kelsey.prestesater@bcbswy.com](mailto:Kelsey.prestesater@bcbswy.com)