Trump Administration Is Right to Remove Phantom Obamacare Enrollees

WASHINGTON, September 22, 2026 -- Today's Trump administration action to target fraud and improper enrollment in the ACA exchanges is another important step to restore program integrity. Fraud and improper enrollment in Obamacare hurt the most vulnerable, harm the taxpayer, and benefit bad actors.

For more than two years, Paragon has documented how large subsidies, weak eligibility verification, automatic re-enrollment, and financial incentives for insurers and unscrupulous brokers produced millions of improper enrollments, including millions of phantom enrollees—people enrolled without their knowledge, people who already had other coverage, and fictitious enrollees.

Vice President Vance's fraud task force has identified roughly 750,000 accounts fraudulently enrolled or otherwise ineligible. Removing them from the Obamacare rolls will save taxpayers about $2.2 billion. CMS is also taking action against hundreds of agents and brokers and conducting additional eligibility verification for hundreds of thousands of enrollees.

"According to our research, we estimated about 6 million improper ACA exchange enrollees, with likely at least half of them 'phantoms,'" said Brian Blase, president of the Paragon Health Institute. "This is not a victimless problem. Improper enrollment wastes billions of taxpayer dollars, harms people who are enrolled without their knowledge, and undermines a program that is supposed to help people who legitimately need assistance obtaining health coverage."

Blase added: "The ACA remains a deeply flawed program. It provides expensive insurance that often covers a limited number of providers and contains a subsidy structure that creates powerful incentives to game applications and maximize government payments. The Biden administration compounded these problems by prioritizing enrollment numbers while failing to adequately safeguard taxpayer dollars and protect people from unscrupulous enrollment practices. The Trump administration's actions to remove fraudulent and ineligible enrollees and crack down on bad actors will protect legitimate enrollees and taxpayers."

For years, bad policy combined with lax federal oversight created an environment ripe for exploitation. The COVID-era subsidy expansion made zero-premium plans widely available, creating powerful financial incentives to maximize enrollment. Bad actors took advantage, using misleading advertisements promising cash or other financial benefits and targeting vulnerable Americans, including people experiencing homelessness, unemployment, mental illness, and substance-use disorders. Marketers often offered cash and gift cards to obtain information that was then used to fraudulently enroll people in fully subsidized plans. Some victims lost access to other coverage and ended up worse off as a result.

Paragon has led research into improper and fraudulent Obamacare enrollment since 2024:

- The Great Obamacare Enrollment Fraud — Paragon's original 2024 analysis identified an enormous mismatch between the number of people claiming incomes that qualified them for fully subsidized plans and the number of people who plausibly had those incomes, estimating nearly 5 million improper enrollees and roughly $20 billion in improper subsidies.
- Unpacking the Great Obamacare Enrollment Fraud: How the Exchanges Became the Wild West — This follow-up documented how unscrupulous brokers, lead generators, weak verification, special enrollment periods, and automatic re-enrollment facilitated unauthorized and fraudulent enrollment.
- The Greater Obamacare Enrollment Fraud — Paragon's 2025 update estimated that improper enrollment had increased to nearly 6.4 million people, with a taxpayer cost of about $27 billion in 2025.The Persistent Obamacare Enrollment Fraud — Paragon's 2026 analysis estimated approximately 6.2 million improper exchange sign-ups—about 27 percent of all sign-ups—and $25 billion in improper subsidy payments this year.

Paragon has also documented the extraordinary growth of people enrolled in individual-market coverage who never file a medical claim. The Rise of Phantom Obamacare Enrollees found that 11.7 million individual-market enrollees—35 percent—had no medical claims in 2024. The sharp increase in zero-claim enrollment is consistent with a large population of "phantom" enrollees: people unaware they have coverage, people with other coverage, and fictitious enrollees. The number of Obamacare enrollees who never used their plan was double what is expected in a normal health insurance market.

Paragon has also highlighted public accounts and media highlights from across the United States detailing the immense emotional, physical, financial, and logistical burden faced by victims of ACA fraud in Victims of Biden's Enrollment-At-Any-Cost Exchange Strategy.

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Launched in late 2021 by Brian Blase, Paragon Health Institute provides health policy research as well as market-based policy proposals for improved outcomes in the public and private sectors. A 501(c)(3) non-profit, the organization is funded by donations from foundations and individuals. Paragon does not accept any funding from industry and does not conduct any lobbying. Journalists and healthcare analysts can review Paragon's latest studies and commentary at paragoninstitute.org/research/.

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