

Health Insurance Fraud

Health insurance is a major concern for many Americans especially seniors. Even those seniors with Medicare frequently need supplemental insurance to help with the costs not covered completely by Medicare. This need has led to many con artists selling phony group health insurance to those looking to beat today's skyrocketing premiums. Seniors are especially vulnerable because pre-existing medical conditions often limit their options and increase costs.

The scam starts when you are contacted by an "insurance agent or representative". This may be direct, through the mail, or email. You receive a slick marketing brochure promising better coverage, a large, network of providers, conveniently located, and greatly reduced premiums. The agent will allow you to sign up with a pre-existing condition all you have to do is join an association/union and write a check.

However, it is all a scam. You pay the premiums but you have no coverage and no provider network. Further, the insurance company is non-existent and the "association" is a fake.

Spotting The Scam

A promise of insurance you can't get any where else sounds too good to be true –and it is your first clue that something may be wrong. Some ways to recognize a scam are:

1. Costs that are 25% or more below the average with better coverage.
2. You ask about state registration. The agent says the plan and/or the company is not registered in the state, but, don't worry, federal law says it's okay. This is not true – all insurance plans and companies have to be registered in Wisconsin.
3. The plan has few, if any, underwriting guidelines. They accept anyone, even those with pre-existing conditions that other plans reject.
4. The agent, and/or the plan avoids the word "insurance", instead calls it a "benefit" or other evasive term.
5. The agent also avoids clear answers to direct questions, often by changing the subject to confuse you. If pinned he may say "Just sign-up now and I'll get back to you later". Do not believe this.
6. The specific insurance company is unknown to you, and anyone else you contact.
7. To get into the plan you must join an association or union. However, you get no material on the association (bylaws, voting procedures, etc.) and you do not need to be involved in the group.

What Happens to You

You pay your premiums, and then attempt to use the plan. However, the hospital or doctor's office tells you they have never heard of it. When they submit claims, they are not paid and come back to you to complain that the plan is not paying. You contact the plan rep, but all you get are excuses. Unfortunately, at this point, you are responsible for the bills. If the hospital asked for preapproval, you may find out before costs are incurred, but then a necessary procedure may be delayed, making the illness worse.

How to Protect Yourself

Always think before you sign up for any insurance plan.

1. Be very wary if
 - It sounds too good to be true
 - The agent is evasive, unsure, and can't answer direct questions in a way you understand.
 - You are pushed to buy *now*. Never sign up for anything at the first meeting.
2. Never rely on slick marketing material or high pressure sales efforts. Check everything yourself – contact Wisconsin Commissioner of Insurance (1-800-236-8517 or www.wi.gov). All companies have to be registered and the state has the records of any problems with them. If they are not registered with the state under the exact name on the policy, run away!
3. Fake companies will often use a name that is close to that of a legitimate company. Their literature may even use more than one variation of their name. Do not confuse them when you check with the state.

As always, the scam cannot work if you are careful, ask questions/demand answers, take your time to make a decision and do your research.

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