



BBB Warns that Insurance Scams Are Flourishing in Current Economy

In the midst of a tight economy and in the wake of the new national healthcare reform bill, State and Federal regulators are warning about a surge in healthcare-related scams. Better Business Bureau advises consumers to do their research before signing up for insurance coverage because their personal and financial health is on the line.

According to an October 2009 survey conducted by the **Coalition Against Insurance Fraud**, 57 percent of state fraud bureaus reported a higher incidence of health insurance fraud in 2009 compared to the previous year. The increase was largely attributed to “unauthorized entities selling fake coverage” and “the rise of medical discount plans.”

“Navigating the healthcare system can be a tricky maze and coordinating your physicians, prescriptions and insurance coverage isn’t always easy,” said Alison Southwick, BBB spokesperson. “One of the first steps to finding healthcare services that are a good personal fit, is to start with a provider you can trust.”

Companies such as HealthcareOne/Elite Healthcare, Consolidated Workers Association, and Smart Data Solutions/American Trade Association, have all recently come under fire from state regulators for peddling worthless coverage or discount medical plans—instead of actual insurance—to thousands of consumers.

Additionally, the new healthcare reform bill quickly sparked new scams; shortly after it was signed into law, the US Department of Health and Human Services issued a warning to consumers to beware of health insurance offers claiming to be part of new federal regulations. For example in

Missouri, the state Insurance Director warned that a door-to-door salesman was claiming to be a federal agent selling insurance under the new law.

BBB recommends taking the following steps when shopping for health insurance coverage to avoid getting ripped off:

Research the company with BBB. Always check out the insurer’s BBB Reliability Report online at bbb.org. Reliability reports are available for free and will tell you how many complaints the

business has received, whether there has been any government actions brought against the business, as well as BBB’s overall rating.

Confirm the company is licensed with the state insurance commissioner. Each state has a department devoted to regulating insurance companies. Make sure the insurer is licensed to operate in your state.

Read the fine print carefully. Make sure all verbal commitments are in the fine print. Don’t just take the company’s word for it. Also confirm with your pharmacist and doctor that they accept the plan you’re considering.

Recognize the difference between insurance and discount medical cards. Some consumers purchased what they thought was health insurance but was actually a discount medical card which could only be used to get reduced rates at limited doctor’s offices and pharmacies. Make sure you’re purchasing insurance coverage and not just a discount medical card.

Beware of copy cats. Some phony insurers will go by a name that is similar to a trusted company.

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 **Coalition Against Insurance Fraud**