

Avoiding the Pitfalls of Medical Insurance Fraud

By: Jeanine Ibrahim, Producer

If you've ever had your wallet stolen, you know the pain of losing cash and the annoyance of having to replace photos, frequent buyer and discount cards. The panic, however, really sets in when you imagine your credit cards and driver's license in the hands of a thief.

Worse still, you may want to add one more item to the top of your list of most valuables – your medical insurance identification card.

Medical insurance fraud is one of the most dangerous forms of identity theft, and it threatens to both drain the economy and impact your personal life. According to the Federal Bureau of Investigation, this type of fraud costs some \$60 billion a year, forcing the Department of Justice to make combating it a top priority. In February of this year, the DoJ's anti-fraud task force recovered \$4.1 billion that had been lost to Medicare and Medicaid fraud in 2011.

Yet beyond just dollars and cents, it's also your health that's at risk. James Quiggle, the director of communications for the Coalition Against Insurance Fraud, has worked in insurance fraud for more than a decade. He said medical insurance fraud can be broken down into three major categories. Listed below are tips that you can use to avoid becoming a victim.

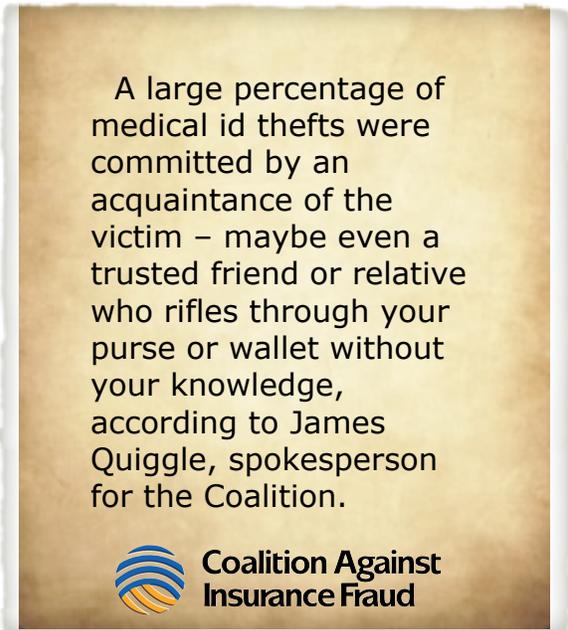
Watch "Crime Inc: Medical Insurance Fraud" to learn more. Tonight at 9p ET/PT on CNBC
Medical Identity Theft

This subset of fraud occurs when someone steals your personal information and uses it to file phony claims against your policy. A person without coverage could assume your identity in order to receive treatment.

Quiggle said this type of fraud poses severe dangers to both your credit and health. The fraudster could change your address without you knowing, so bills go unpaid and thereby damaging your credit. Possibly more severe, however, are that your health records could be changed to reflect the scammer's blood type and allergies. That would pose a major hazard – especially if you should find yourself unconscious in the ER.

Tips To Watch Out For:

-At least twice a year, contact the credit bureaus to check your credit standing, making sure to look for any suspicious unpaid medical bills;



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**Coalition Against
Insurance Fraud**

-Protect your personal insurance identification card: don't leave it exposed where people can see it. A large percentage of medical id thefts were committed by an acquaintance of the victim – maybe even a trusted friend or relative who rifles through your purse or wallet without your knowledge, according to Quiggle;

-If wallet is stolen or lost contact your health insurance company right away. Issue an alert and change your health insurance number;

-Examine your explanation of medical benefits on bills from your health insurance company for any unusual charges you don't recall incurring;

-If you suspect your medical id has been stolen, get a copy of your records from your doctor, hospital, pharmacy, clinic and lab. Contact them and ask to remove any false information and to change records. Also ask to put on file that you have disputed some of the records.