

Trozan: Time to protect yourself from insurance scams as reforms progress

By: Peter Trozan, The Insurance Doctor

With sky-high health insurance premiums, it's easy to see how someone could fall prey to the smooth-talking telephone salesman offering you insurance at an amazingly affordable rate. You nibble.

Best of all, the salesman assures you that even your pre-existing conditions will be covered due to the new health-care reform law. So you bite.

Problem is you've bought a bogus policy. "That's the most prevalent agent scam," said James Quiggle, spokesman for the [Coalition Against Insurance Fraud](#). "The client pays the agent the premium ... who pockets the money and issues a fake policy that looks real. But the client is completely uncovered."

One illegal operator, Fox Business reports, bilked more than 30,000 people of more than \$40 million in health insurance premiums, leaving them uninsured. Showing great sophistication, James Lee Graff used a network of local agents to help create the illusion of respectability and credibility.

Tip: Never make out a check to the agent. Always make it out to the insurance company. And make sure it's a legitimate company, approved to operate in Colorado.

Fraudsters are calling on the phone, even going door-to-door, peddling fake "Obamacare insurance" to people confused by federal health-care reform, Quiggle said.

They claim to work for the government and say purchasing new insurance is now mandatory. "Some people have even been threatened with jail if they don't buy," Quiggle said.

In Colorado, we've seen a recent alert from the Colorado Division of Insurance warning of an attempted Medicare scam.

Scammers call, greeting the person by name. The caller already knows the person's address, phone number and, in some instances, banking details. The scammer, claiming to be calling from the government or Medicare, says that the person is being issued a new national medical card (there's no such thing) or a new Medicare card as part of the implementation of health-care reform.

In order to finalize the new card, the scammer asks for banking information such as bank routing numbers and accounts or a Medicare claim number. Never give this information out over the phone.

Warning sign of scams include:

- Offers of unusually low premiums.

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Coalition Against Insurance Fraud

- An application process that is too easy, lacks detailed medical questions and promises covering serious pre-existing conditions. (Medical questions do go away in October.)

- Individual health insurance plans claiming they are not subject to state regulation.

- Offers of free services or supplies for those on Medicare.

Scammers are after one of two things: to swindle Medicare for unnecessary or inflated services, or to steal your identity — and your money. If you suspect Medicare scam, call the Senior Medicare Patrol at (800) 503-5190.

To protect yourself, buy from an agent you know or one recommended by someone you trust. And always remember the advice of Vince Plymell, communications manager at the Colorado Division of Insurance: "If it seems too good to be true, it probably is."

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