

Fake health plans pose a risk to vulnerable consumers

By: Olga Deshchenko
Founder, DOTmed News Reporter

Most people view the perplexity of the health care bill as a problem, but some see an opportunity for profit in the confusion.

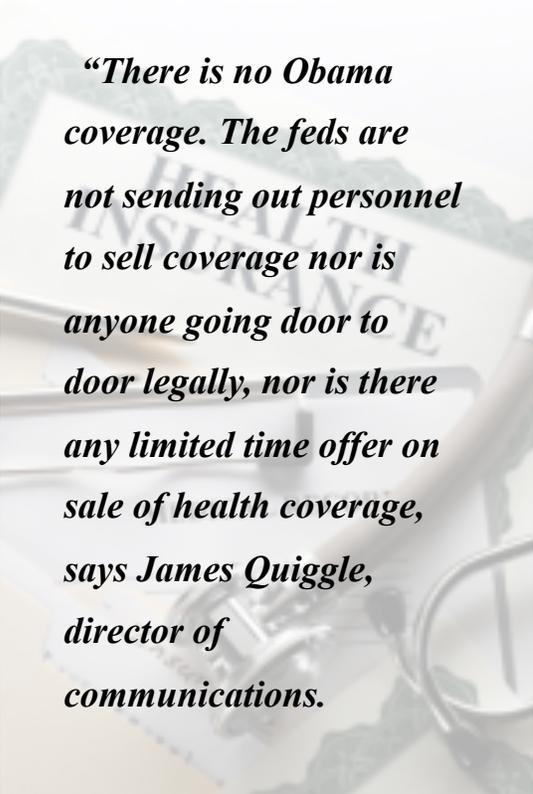
In some states, people are walking from door to door and telling consumers to sign up for "Obamacare," a fraudulent scheme presented as a government-mandated health care plan being offered on a limited time basis.

"Every word in that offer is a lie," James Quiggle, a spokesman for the Coalition Against Insurance Fraud, told DOTmed News. "There is no Obama coverage. The feds are not sending out personnel to sell coverage nor is anyone going door to door legally, nor is there any limited time offer on sale of health coverage," he said.

The prevalence of fake health plans grew as the economy spiraled down, allowing scammers to take advantage of fiscal insecurity.

"The downturn economy has become a breeding ground for fake health plans that are crawling out of the woodwork to sell phony coverage to consumers, who are anxious to find affordable insurance deals during a very difficult economy," said Quiggle. "State regulators see a sharp spike in the spread of phony health plans around the U.S. The scam may be the largest insurance trend to emerge from the shaky economy over the last two years."

According to a 2009 report by the Coalition Against Insurance Fraud, nearly 60 percent of



"There is no Obama coverage. The feds are not sending out personnel to sell coverage nor is anyone going door to door legally, nor is there any limited time offer on sale of health coverage, says James Quiggle, director of communications.

state fraud bureaus have seen a significant rise in fake health plans.

One insurance company, the American Trade Association (ATA), has come under the scrutiny of insurance regulators in more than 25 states. Authorities believe that ATA has defrauded an estimated 12,000 consumers out of \$14 million in premiums nationwide.

This past Wednesday, a Nashville, TN judge gave the state permission to liquidate assets of two companies that operated in the state without a license: ATA and Smart Data Solutions.

"The plans have been servicing states all over the U.S.," said Quiggle.