

Scammers Prey on Health-care Confusion

By: Victoria Colliver

As California prepares to roll out its effort to market the Patient Protection and Affordable Care Act, criminals have increasingly been working schemes to take advantage of consumers who may not be fully informed about the complex health reform law commonly known as Obamacare that will require them to buy insurance if they don't have it.

The scams include high-pressure e-mails, phone calls from people masquerading as representatives of the federal government, and visits from seemingly official enrollers trying to persuade people to buy a policy, sign up for a bogus medical card or give out their personal information.

"Obamacare scams are popping up all over the country. They've been identified in at least half of the states, and possibly more," said Jim Quiggle, spokesman for the Coalition Against Insurance Fraud, a Washington, D.C., group that works with consumers, insurance companies and government agencies to combat fraud.

The perpetrators have a wide range of tactics and could come from anywhere, he said. "Nobody knows whether the scams are carefully orchestrated by an organized criminal enterprise or whether this is simply buckshot phone calls by individual entrepreneurs who think they can make a quick dollar off of the impending launch of health reform," Quiggle said.

Either way, consumer experts say, the ploys are designed to take advantage of a large segment of the population that may not yet understand the details of the most comprehensive overhaul of the nation's health system in decades.

Threats of arrest

In one mass e-mail scheme that has been circulating in recent weeks, recipients are told that failure to obtain health insurance under the Affordable Care Act could result in incarceration.

"Are you breaking the law?" reads the e-mail from a "health insurance expert." "With the President's health care mandate now passed into law, you could face prison time if you do not get healthcare coverage immediately. We can help you avoid penalties and find an affordable plan."

The threatening come-on is false, because the health care law will not lead to imprisoning anyone for not getting coverage. Additionally, signups for the new health program will not begin until Oct. 1, so no "immediate" action can be taken.

In another reported scheme, scammers have been trying to swindle consumers out of an "enrollment fee" to sign up

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for coverage under the law, even though no fee is required to participate.

Scams started as soon as the law passed in 2010, but they are becoming more widespread as the law gets close to being implemented, Quiggle said. "Now there's another wave during the run-up to the launch of whole system," he said.

Expecting a surge

Officials from the state Department of Insurance, as well as from Covered California, the new state agency charged with selling coverage under the law, say they haven't yet seen an uptick in criminal activity related to the health law. But they expect to in the coming weeks and months.

"This is ripe for the opportunity to rip people off," said Nancy Kincaid, spokeswoman for the state insurance department. "It's not just your financial information, but they could have access to your health information."

Elizabeth Abbott, director of administrative advocacy for Health Access California, said her consumer group has received reports of websites that look like the official Covered California site, but are actually created by people purporting to be insurance agents casting around for potential customers.

"They put in their address and phone and what kind of policy they were interested in, and it subjected them to high-pressure sales tactics," Abbott said.