

Have I got a bad deal for you! The rise of health insurance scams

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The worse the economy gets, the more con artists rise to the surface with schemes to trick you out of your hard-earned money, including a fast-growing crop of fake health insurance plans.

And confusion over health care reform produces an environment ripe with scams. There's good reason for confusion: "Health care reform is a gigantic 2,000-page bill jammed with provisions that are phasing in over several years," says Jim Quiggle, spokesperson for the nonprofit **Coalition Against Insurance Fraud**, which provided details for the schemes described below. Government and insurers haven't done a good job of telling consumers what changes to expect, he adds.

As people have lost work and health insurance coverage, scammers are jumping in with an array of cheap, phony plans so cleverly marketed that it's hard to tell you've been duped until it's too late.

Some even go door to door selling "products" and telling people, "We know you're confused about the changes, we're here to help."

Last year, regulators in 37 states told the nonprofit Coalition Against Insurance Fraud that while fraud of all sorts is increasing, health insurance scams are the fastest-growing. "The increase in bogus health insurance was 'much higher' than in any other category," says a coalition report. The Federal Trade Commission also is investigating the problem.

These two schemes are the most common:

Phony medical discount cards: Consumers are lured into buying "discount programs" that appear to be full medical coverage and promise -- but don't deliver -- discounts on doctor's office visits, hospitalizations, dental work, prescription drugs, tests and medical procedures.

Fake medical insurance: Con artists sell partial or comprehensive health insurance coverage and then pay little or nothing on consumers' claims.

The worst by far are fake medical insurance plans, says Mila Kofman, Maine's Superintendent of Insurance. Earlier in her career, she was a

research director at Georgetown University Health Policy Institute, where her work exposed a boom in medical insurance scams.

Health care reform should eventually lead to bona fide access to affordable health insurance, but those changes will happen over several years, Kofman says. Meanwhile, annual increases in health insurance premiums are driving people into the arms of scammers.

A fake medical plan will exacerbate your financial problems. Here's how:

- You think you're covered but you're not.
- You visit doctors and get medical tests and surgeries only to find yourself stuck

with disastrous bills when your "insurance" pays little or nothing on the claims.

