

The Health Insurance Boondoggie

By: Russell Wild

With bogus health policies on the rise, does your plan keep you well covered?

LIVING OFF SOCIAL SECURITY and her deceased husband's modest pension, Imogene Kinsey of Oklahoma City found it impossible to afford health insurance. But in January of 2009, with help from her son searching the Internet, she found what seemed a good offer. For an enrollment fee of \$145, Kinsey signed up for a plan with the American Trade Association (ATA) and began making monthly payments of \$299. Little did she know that she, along with about 12,000 other ATA enrollees, purchased a worthless policy.

"The ATA was running a Ponzi scheme, selling fake insurance," says former Oklahoma Insurance Commissioner Kim Holland. Authorities in various states got wind of numerous such cases involving ATA, and shut down the operation. Kinsey received notice of the liquidation by mail, after paying premiums for 11 months. She was one of the fortunate ones. Had Kinsey needed serious medical attention, "ATA would have strung her along with one excuse after another," says Holland. "She would not have been covered. Others, including a gentleman who discovered his coverage was worthless days before having a pacemaker installed, were less fortunate."

But "fortunate" is relative. Kinsey, at age 64, found herself, like roughly one in six other American adults, without any health coverage. Now 65, Kinsey is covered by Medicare. Her experience with ATA has left her poorer but wiser, and unlikely to fall for any more scams. Recent actions by the federal government promise increasing regulation over health care insurance, but such measures are limited, and take time to enact. In the meantime, scams continue. "Millions are without health insurance. Premiums are sky-high. Unemployment (most Americans get health insurance through work) is soaring," says James Quiggle of the **Coalition Against Insurance Fraud**. "In this environment, swindlers have emerged from the shadows to prey on people's fear and ignorance."

The swindles fall into two major groupings. First are the outright frauds- scams encountered by victims of ATA. You buy a policy. It promises to pay if you need care. It doesn't. The second kind of swindle, no less common, is more subtle. These health insurance plans are so bare-boned, they're almost worthless, even though they may be legal. Marketed as full-benefit coverage, these

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plans include medical discount cards that may offer minimal price breaks in some situations, and include insurance policies with all manner of restriction. "Both sorts of swindles have been spreading virally through the U.S., sometimes leaving people in debt for tens of thousands in unpaid medical bills," says Quiggle. "It's tragic."

Anyone can be a target, adds Quiggle, although the most frequent victims are the self-employed, small-business owners, and seniors. To protect yourself, know the markers that separate a good insurance plan from a bad one.

Ignore the hype

"Low-Cost Health Insurance!" the ads trumpet on your computer, unsolicited faxes, or signs posted along the highway. "The ads are sometimes (but not always) crude, and if you show interest in buying, you may be pursued by aggressive marketers," warns Quiggle. One hint of a swindle, he says, is when a pushy salesman tries to get you to sign on the dotted line before you've had a full chance to investigate. "Honest insurance agents will encourage you to do your research."

Probe the premium

Not surprisingly, swindlers make offers too good to be true- low premiums, generous benefits, easy sign-up, even with pre-existing conditions.