

Health Care Insurance Scams Rise as Layoffs Leave Workers Uninsured

Preying on jobless consumers, fraudulent companies rake it in

By: Carter Dougherty
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Days away from having a pacemaker implanted, Bob Harper got the worst news imaginable from Oklahoma insurance regulators: the health care insurance plan that he had purchased when he lost his job as a real estate agent was nothing but an elaborate fraud.

Harper, who lives in a suburb of Oklahoma City, had checked out his insurance provider with doctors and pharmacists, and had already had a few small claims paid out. But after the regulators called, he was convinced that the suspected swindlers would hardly pay out the thousands of dollars for major surgery, and wondered, late last year, if his time had come.

“I was freaking out; I thought to myself ‘I’m dead,’” Harper, now 63, said in an interview with The Fiscal Times. “I need an operation or I’m dead.”

As Harper’s health declined, he learned that his situation was hardly unique. Authorities in over 25 states are investigating his insurance company, American Trade Association (ATA), and have uncovered what they believe is a deep well of scams that ensnared an estimated 12,000 people who paid about \$14 million in premiums. ATA and its lawyer did not respond to repeated requests from The Fiscal Times for comment.

Authorities across the country are now trying to shut down ATA, which attracted clients by advertising on Internet sites and sending blast faxes to workplaces. The company was able to avoid suspicion in part by covering some expenses, like prescription drugs, but not covering the cost of more expensive medical procedures, according to authorities. A number of state investigators have also ordered Consolidated Workers Association and HealthcareOne to cease operations because of similar frauds.

That so many people fell victim to the scam is hardly surprising, experts said. A searing recession left nearly 10 percent of the American workforce unemployed, including Harper, at a

time when health care costs continue to soar, creating fertile ground for swindlers. “These scams began to spread as the economy grew worse,” said James Quiggle, a spokesman for the **Coalition Against Insurance Fraud**, a consumer advocacy group. “It is likely that the companies were exploiting that perfect storm,” he said,



Coalition Against Insurance Fraud

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A coalition survey of state insurance regulators last fall reported 38 percent of state insurance bureaus surveyed found health insurance fraud was “much higher” than in the previous year, while another 19 percent said it was “slightly higher.” The rise in bogus health plans was “greater than any category of insurance fraud,” the coalition said.