

States Warn of 'Obamacare' Scams

By: Robbie Brown
The New York Times

In Illinois, a telemarketer recently sold an elderly woman a fraudulent health insurance plan that supposedly protected her against "death panels," the state insurance director says.

In Alabama, a con artist has been offering "government health care reform" insurance over the phone in exchange for customers' bank account numbers, according to the local Better Business Bureau.

And in Kansas, law enforcement authorities are investigating reports of people identifying themselves as government employees and taking payments for "Obamacare" insurance.

Con artists in several states are seizing on the public's financial struggles and confusion about the recent health care overhaul, the authorities say. So far, the frauds appear to be relatively infrequent and are often no more sophisticated than spam fax messages with blatant misspellings and no company letterhead.

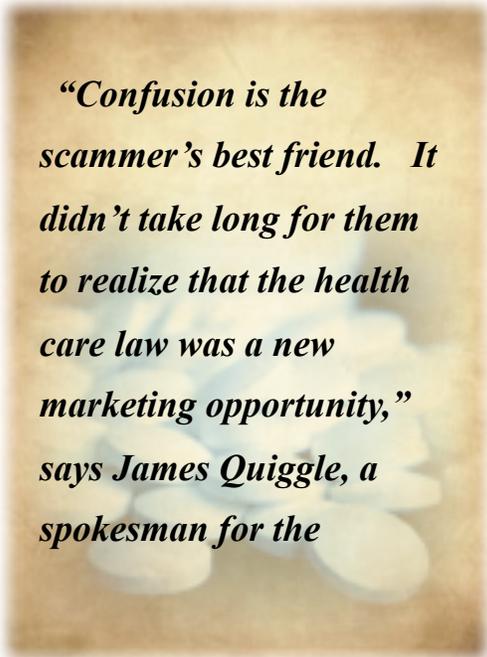
But they have generated warnings from state insurance departments and Kathleen Sebelius, the secretary of health and human services. The authorities say the elderly and the poor are especially vulnerable to the bogus plans, which have names like Obamacare and Obama Health Plan and promise affordable compliance with the new law. The fraudsters often impersonate insurance agents and government workers.

"Confusion is the scammer's best friend," said James Quiggle, a spokesman for the **Coalition Against Insurance Fraud**, a consumer protection group. "It didn't take long for them to realize that the health care law was a new marketing opportunity."

Experts advise customers that most of the frauds are easy to detect. Avoid insurers who use the term Obamacare (no such plan exists) or who say they can expedite Medicare drug coverage rebates (the government does not allow this service). And before signing anything, verify that the insurer is licensed by the government.

People who are still suspicious should call their state insurance departments or the Better Business Bureau.

"If something sounds too good to be true, it probably is," said Michael T. McRaith, director of the Illinois Department of Insurance, who added



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that he had seen an "explosion of health insurance scams" since the overhaul debate began last year. "Our advice is be aggressive and informed."

The authorities said they did not know of any arrests yet from frauds related to the new health care law. But they said cases were being investigated by the police and the antifraud divisions of state insurance departments.

The Nevada Independent Insurance Agents, a trade organization, has collected 25 different fax messages offering bogus health coverage, sometimes for as little as \$29.95 per month.

"A \$10 or \$40 prescription card included," advertises one fax, which contains the image of a caduceus, the emblem for doctors, but no company name.

"We can also provide dental care for you," says another that bears an image of an ugly tooth and offers customer service in Spanish.

Kay Lockhart, the organization's president, said the term Obamacare was popular among dishonest marketers because it was familiar to the public; the Tea Party movement uses the term to refer derisively to the health care law.