

## Health Coverage scams spread

By: Alison Young, USA Today



Bogus health plans that advertise comprehensive coverage at bargain prices are on the rise, luring desperate consumers to pay for policies that won't cover their medical bills, state regulators say.

In recent weeks, Missouri has cracked down on 13 companies. California has

ordered firms to stop selling misleading health discount cards. Tennessee regulators have seized a company they allege collected more than \$14 million from people across the country — then stranded them with unpaid bills.

"I've never seen anything like this," said Oklahoma Insurance Commissioner [Kim Holland](#), who said the bad economy has fueled the uptick in scams.

James Quiggle of the **Coalition Against Insurance Fraud**, which represents consumers and insurers, said: "There's high unemployment, health premiums are expensive and tens of millions of people have no health coverage. This is an ideal breeding ground for scams."

Among 37 insurance bureaus responding to a coalition survey last fall, 57% reported increases in health plan scams.

The nation's new health care law may inspire more scams that prey on public expectations for expanded coverage and misrepresent the changes, Secretary of Health and Human Services [Kathleen Sebelius](#) warned states this month.

Among groups regulators are targeting:

- **American Trade Association.** Last month,

Tennessee regulators seized the headquarters of the association and another firm, Smart Data Solutions. The state alleges in court records the firms enticed at least 12,400 consumers to buy "bogus" coverage, then unjustly denied claims. Nader Baydoun, an attorney for the companies, said they were membership benefit administrators and victims of outside insurance companies. State regulators question whether the products were ever legitimately underwritten, court papers say.

- **Consolidated Workers Association (CWA).** Montana is among states that have taken actions to stop CWA and an affiliated firm, the National Alliance of Benefit Services Association

(NABSA), from selling "bogus insurance." Internet ads and unsolicited faxes advertised \$10 doctor visits and "Pre-existing Conditions OK" at rates starting at \$199, regulators said in a press release. NABSA never knowingly violated any law and was a victim of CWA, said attorney Sheldon Wilensky. CWA officials could not be reached.

- **HealthcareOne.** California regulators issued cease-and-desist orders in February against HealthcareOne, Elite Healthcare and others at an Arizona address. The firms would mislead consumers into thinking 900,000 providers accepted their insurance, the state alleges. Company officials did not respond to interview requests.

*"There's high unemployment, health premiums are expensive and tens of millions of people have no health coverage. This is an ideal breeding ground for scams," says James Quiggle of the Coalition Against Insurance Fraud, which represents consumers and insurers.*

State insurance regulators say a consumer should check with their offices before buying a health plan.

Wendy Kruse of Montana is suing CWA for \$100,000 in unpaid medical bills from a car accident.