

Consumer Alert: Health Reform Scams

As health reform efforts begin across the country, scam artists are trying to make a quick dollar by spreading misinformation and confusion.

Media reports are surfacing regarding phony insurance policies being sold door-to-door, by phone or over the Internet. Consumers are told there is a “limited enrollment” period and they must purchase this health insurance policy immediately.

As state insurance regulators, health insurers, federal officials and others begin implementation efforts, consumers are urged to take necessary precautions to avoid becoming the victim of a scam.

Some general tips:

- If you are approached about buying a product and have concerns, contact the Kentucky Department of Insurance (800-595-6053 in state; 502-564-3630 outside Kentucky) and ask to speak to a Consumer Protection investigator. The department can verify if the company is authorized to do business in Kentucky and if the insurance product is legitimate. Be sure to make this call *before* purchasing the product.
- Ask questions and understand what you are buying. If something sounds too good to be true, it probably is.
- Be extremely cautious about giving credit card or bank information to anyone. Never pay in cash and make checks payable to the insurance company, not an individual.
- When shopping online, be sure the Web site is secure and observe the usual safe shopping tips. Be sure you have mailing and physical addresses for any online entity. Look for a phone number and call it to be sure it is working.
- Keep copies of everything, especially any documents you sign.
- Watch for common red flags such as a cost much lower than traditional health insurance, a health plan that claims to be exempt from state regulation or anything that is sold as a “limited” offer.

New insurance options, including a new high-risk pool program and other insurance protections, will take effect in the near future. As it becomes available, more information will be posted on the Department Web site <http://insurance.ky.gov>. Click on Health Reform Information on the menu bar.