



Consumer Alert

Beware of Fake Health Insurance Plans

The Alaska Division of Insurance is warning consumers to be on guard against fake health plan scams.

How is the scam perpetuated?

Fake health plans promise full coverage but deliver worthless or no benefits, leaving large medical bills to be paid from your pocket. The scam uses several approaches to lure its victims.

- **Phony benefits** - One type of fake health plan promises full benefits at low prices. It will often assure consumers that the plan covers pre-existing conditions, specialists and other essential benefits, usually at no extra cost.
- **Phony requirements** - There are also fake health plans that claim the coverage being offered is required by the Affordable Care Act (ACA, also known as Obamacare) or Medicare.
- **Fake Policy** - Another type of fake plan involves one that pays little. You receive a limited-benefit or discount plan that pays few or no expenses.
- **Association plans** - Other health plan scams may require you to join an association or union to buy coverage; typically, these groups are fake.
- **Social media & websites that look official** - Beware, social media and online sites are rife with promises that are untrue. A company offering a legitimate insurance product will not offer you gift cards to sign up for coverage. There are also ads by unscrupulous brokers who enroll or switch plans on consumers without the consumer's express permission.

Importantly, <https://www.healthcare.gov/> is the official website for the federal marketplace; however, sometimes a consumer typing into a search engine verses typing a web address directly into the address bar may accidentally select the wrong website.

There are many web addresses that look official and are similarly named for marketing purposes. Verify you have landed on the intended and official website.

Costly Consequences

If you fall for one of these scams, you could be stuck with big medical bills when you try to use the fake policy. You will be forced to pay most or all the medical bills yourself, which can sometimes amount to tens of thousands of dollars. Finding new health coverage after discovering your plan is fake may delay urgent medical treatment.

Ways To Avoid Buying A Fake Health Insurance Policy

Is the person trying to sell you the plan a licensed agent? Contact Alaska Division of Insurance to make sure the agent is licensed.

- Go slow. Avoid signing up for a plan if you are pressured to buy quickly or the price seems too low. Remember, if it sounds too good to be true, it probably is.
- Read carefully. Review the policy thoroughly before buying it. Have a trusted friend or knowledgeable person also review it. Does the policy deliver what the sales pitch promises?
- Verify associations or unions that the plan references. Does it have a website? Is the site vague about its activities?

If you are being solicited online, you may be urged to buy your coverage online. There may not be another way to purchase the policy. The goal is for the scammer to get your credit card. The website will appear to be hosted by a legitimate insurer or be an official ACA signup portal. If you are solicited through an email that seems suspicious, DO NOT click on links in the email. If you are directed to a website, type in the web address rather than using links. And remember, search engines are your friend. Research the company before visiting the site.

If you are interested in purchasing health coverage you may review the Division's website (<https://www.commerce.alaska.gov/web/ins/Consumers/Health.aspx>) for a list of health insurers offering coverage in the individual and group markets according to our last annual report. You may also reach out to the Federally Facilitated Marketplace at healthcare.gov or by calling 1-800-318-2596. Consumer information regarding Short Term Health Insurance and Healthcare Sharing Ministries can be found here as well as other health insurance related guidance that may be helpful in your search for adequate coverage. Also note that Health Discount Plans are not insurance! These plans offer discounts on health care services and may allow you and your dependents to save money on services not covered by your health insurance plan. They are not a substitute for health insurance and do not provide the consumer protections that exist for health insurance consumers.

REPORT FRAUD

If you believe you have been the victim of a fake health plan scam or other financial fraud, you may file a report with the Federal Trade Commission (FTC) at ReportFraud.ftc.gov or call the FTC's Consumer Response Center at 877-382-4357. You may also contact the Alaska Division of Insurance Enforcement and Consumer Protection Division at 907-269-7900