

Obamacare Could Be a Fraudsters' Free-For-All

By Rick Newman | The Exchange – 1 hour 45 minutes ago

Have any idea where to find a health insurance exchange? Up to speed on what a healthcare “navigator” is? Know whether you'll need a new government-issued ID card to qualify for Obamacare when it goes live on October 1?



Scam artists hope you're as clueless as possible, because they're counting on widespread confusion about the Affordable Care Act to tap fresh opportunities for milking the unwary. Regulators expect a stream of complaints about Obamacare fraud to swell to a gusher this fall, as people begin to explore new insurance options. So far, scams seem to be a variation on familiar themes, such as somebody claiming to be from Medicare calling seniors and warning of scary-sounding changes in the law that require them to provide sensitive info. The Federal Trade Commission logged more than 1,000 complaints about such calls earlier this year. Some of the calls originate from overseas.

The startup of state-run health-insurance exchanges under Obamacare on October 1 gives scammers a plausible basis for claiming the law is changing and ordinary people need to make some changes themselves to remain in good standing with the government. On a typical call, an authoritative-sounding person says the Affordable Care Act now requires a new ID card or else doctors can't provide treatment. The government will send the ID out right away as long as you provide a valid Social Security, bank account or credit-card number to confirm your identity. The card never arrives, of course, but you do discover some unfamiliar new charges in your name.

Rich opportunities

Scams are nothing new, but three factors make the Affordable Care Act a uniquely rich opportunity. First, the law affects nearly every American in some way, since it requires most people to have health care coverage. Second, it won't be standardized nationwide, the way Medicare and Social Security are, since states have the freedom to administer the law in different ways. Third, the law is brutally complex, which has sown confusion even among health care experts. The result is a sweeping new law that's shrouded in confusion and varies based on where you live, which is an invitation for abuse.

The proper response to fraudulent marketing, of course, is to hang up, delete or slam the door and then [contact the FTC](#). But Obamacare comes with a few wrinkles that make it a bit harder to tell who's legit and who's bogus. The law, for instance, requires each health-insurance exchange to [develop a network of “navigators”](#) whose role is “to educate the public about qualified health plans, distribute information on enrollment and tax credits, facilitate enrollment, and provide referrals on grievances, complaints, or questions.” Among other things, navigators will make sure people know they need insurance, and help enroll them in Obamacare if necessary.

Navigators will be chosen from a list of designated community groups such as United Way, Planned Parenthood and a variety of local agencies. But there are also private operators who claim to be navigators. The website [onlinenavigator.org](#), for instance, offers to help consumers sort through the rate and coverage options offered on federal or state exchanges. A disclaimer points out that the site isn't affiliated with any government program. Right next to that, however, is an icon labeled Healthcare.gov, which is the federal [government's official site](#) for info related to the ACA. Clicking on it doesn't lead to the government site, though, but to a page that urges people to “schedule pre-paid navigator help” for a \$40 fee.

On a related site, [freedombenefits.net](#), clicking on a similar Healthcare.gov icon leads to a [form users are urged to fill out](#) to apply for a personal health insurance navigator. It asks for name, address, date of birth and Social Security number.

Tony Novak, a Philadelphia-area accountant who operates both sites, says he has been involved with private health-insurance exchanges for 25 years and is using the sites as part of a consulting business. Using the government logo, he acknowledges, is a “mistake” going back several months, when his site did link to the federal site. He changed the links, he says, when the government itself changed some of its procedures for helping people find insurance.

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Misleading sites

Regulators have shut down some sites deemed misleading. Over the summer, a site popped up [claiming to be the Pennsylvania Health Exchange](#), with an image of the state’s seal at the top of the site. The site was run by a private insurance broker, however, and after questions from news organizations and state regulators, the logo disappeared from the site. Then the entire site went dark.

To protect themselves, consumers looking for info on the Affordable Care Act and the exchange in their state should start at [the government’s official online portal—the real one](#). That site asks users to answer a few basic questions about their age, income bracket and insurance status, but doesn’t ask for anything that can be used to identify individuals. Once you provide the basic info, the site suggests insurance options that might be appropriate for you. It also links to the insurance exchange in the state where you reside.

Navigators who work for the exchanges are supposed to provide some kind of credentials that prove their legitimacy, but that could be delayed as many states try to figure out what the right criteria should be. Some Republican governors are complicating the matter even further by withholding support for Obamacare implementation, including things such as training navigators.

As a rule of thumb for consumers, government healthcare agencies rarely call or email people unless it’s in response to an inquiry or a complaint. Navigators might be more aggressive in some areas, so people should cross-check navigators’ credentials with the exchange in their state.

Consumers should also be suspicious if somebody offers free medicine or other benefits you didn’t ask for. (Even under Obamacare, if it seems too good to be true, it probably is.) If you’re suspicious about a call, note the number on your caller ID and report it to the FTC or to the insurance commissioner in your state. If a call comes from overseas or anything seems fishy, get off the phone.

Consumers should also be prepared to prove their own legitimacy, since regulators expect a lot of scam artists posing as ordinary people to attempt to defraud the government under the ACA. Enrollees in Obamacare will have to provide personal information once they’ve selected an insurance company, just as they do now. And anybody applying for subsidies to help them pay for care may have to prove their income falls below various thresholds for eligibility. If you get that far, maybe you won’t need a navigator after all.

Rick Newman’s latest book is [Rebounders: How Winners Pivot From Setback To Success](#). Follow him on Twitter: [@rickjnewman](#).