

## Consumer Alert, Issued 9/26/13:

### Scammers Take Advantage of Health Reform Confusion *South Dakota Insurance Regulators Warn Consumers to Be On Alert*

*Since the Patient Protection and Affordable Care Act (PPACA) was signed into law in March 2010, unscrupulous scammers have been creating ways to take advantage of consumers' uncertainty surrounding the law. Posing as insurance agents or representatives of the federal government, these scam artists try to sell fraudulent policies or obtain sensitive information like Social Security and bank account numbers. The National Association of Insurance Commissioners (NAIC) and South Dakota Department of Labor and Regulation are warning consumers about common red flags and providing tips on how to avoid being the victim of a scam.*

#### **Health Insurance Marketplaces**

One of the largest components of PPACA is the creation of new health insurance exchanges branded as marketplaces by the federal government. These online portals ask consumers to enter information about themselves and select the level of coverage they desire, which enables them to receive a list of plans they can purchase. The federal government will be running the Exchange in South Dakota.

Fake websites claiming to be part of the Exchanges have been appearing online for more than a year. The Division of Insurance cautions consumers about entering personal or financial information into a website saying you can purchase a policy prior to the open enrollment period, which begins Oct. 1, 2013.

#### **New "Obamacare" Insurance or Medicare Cards**

Another common ploy involves unsolicited calls from scammers who claim to have your new "Obamacare" insurance card – they just need to get some information before they can send it to you. Do not give the caller credit card numbers, bank account information or your Social Security number. A variation of this trick specifically targets seniors on Medicare, claiming to give their new Medicare card in order to continue receiving their benefits. Do not give out your Medicare number, as it is identical to your Social Security number. You are not required to obtain a new insurance or Medicare card under the PPACA. In addition, anyone who is a legitimate representative of the federal government will already have your personal and financial information and should not ask you to provide it.

#### **Don't Be Misled**

Here are some other important red flags to watch out for:

- The salesperson says the premium offer is only good for a limited time.
  - Rates for plans in the Exchanges will have been approved for the entire enrollment period. Be skeptical of someone who is trying to pressure you into buying a policy because the rate is only good for a short time. Remember: if the offer sounds too good to be true, it probably is.

- The salesperson says you could go to jail for not having health insurance.
  - Starting in 2014, all Americans will be required to have health insurance. **You will not face jail time** if you do not purchase health insurance. However, those who remain uninsured and do not qualify for any exemptions will face a penalty of \$95 (for each adult) or 1 percent of family income, whichever is greater. In 2015, the penalty will increase to \$325 per adult or 2 percent of family income, and in 2016 and beyond, the penalty will be \$695 per adult or 2.5 percent of family income. For more information on the individual shared responsibility provision of PPACA, click [here](#) or reach out to your personal tax advisor.
- You receive an unsolicited phone call or email from someone trying to sell insurance.
  - Neither the federal government nor the South Dakota Division of Insurance will be contacting individual consumers to sell them insurance. Do not give any sensitive information to anyone who claims to be with the federal government, the South Dakota Division of Insurance or a navigator.

### **More Information**

If you have any additional questions or concerns about your insurance, please contact the South Dakota Division of Insurance at 605-773-3563 or write us at 445 E. Capitol Ave., Pierre, SD 57501.