

Karima M. Woods, Commissioner

DISB CONSUMER ALERT

Beware of Fake Health Plans

The District of Columbia Department of Insurance, Securities and Banking (DISB) is warning District consumers to be on guard against fake health plan scams.

How Is The Scam Perpetrated?

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.

Other health plan scams may require you to join an association or union to buy coverage; typically these groups are fake.

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 of 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 DISB 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 contact the District of Columbia Health Benefit Exchange to discuss your options at hbx.dc.gov.

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 DISB Enforcement and Consumer Protection Division at 202-727-8000.

About DISB

The mission of the [Department of Insurance, Securities, and Banking \(DISB\)](#) is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents on financial matters; and (3) provide financing for District small businesses.

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