



HEALTH CARE NEWS

A Monthly Publication From the New York State Attorney General's Health Care Bureau

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ATTORNEY GENERAL SUES UNLICENSED HEALTH INSURER

Attorney General Eliot Spitzer recently sued the operators of Metro Health Plan and obtained a court order temporarily barring them from doing business in New York State. Spitzer is now seeking a permanent injunction and restitution for the aggrieved members.

The lawsuit, filed in Supreme Court, New York County, alleges that Blanca Jaravata and her son Christopher Codamon, were posing as legitimate health insurers, using the names of Metro Health Managed Care, Metro Health Plan, Metro Health Care Plan, MHMC and Metro Health Care Services, without obtaining a license to do business as health insurance companies. Additionally, the suit alleges that the operators falsely represented the plans as not-for-profit and charitable organizations, and engaged in widespread fraud and deception. (see Health Care Helpline Box).

"With legitimate insurance premiums soaring, consumers need to be especially vigilant of health plans that offer cut rate premiums that do not live up to their promises or the law," Attorney General Spitzer said. "Unfortunately, many vulnerable consumers will be tempted by the lure of lower premiums, only to learn when they are sick and in need of insurance that the coverage purportedly provided does not exist."

The case began with an investigation of consumer complaints filed with the Attorney General's Health Care Bureau and the Insurance Department, which found that the plans touted a fictitious network of providers, failed to pay claims, discouraged members from using benefits and terminated policies to avoid payment. Further, Metro Health had violated state law by operating without a license from the State Insurance Department and a certificate of authority from the State Health Department.



HEALTH CARE HELPLINE AT 1-800-771-7755 option 3

When a sales representative from Metro Health Plan paid Ms. M a home visit, she was led to believe that she was buying affordable health insurance for herself. The plan's documents touted, among other things, *comprehensive* health plan *benefits*, access to hundreds of *participating* doctors and hospitals, and most important to Ms. M, very low monthly premiums. Ms. M had been diagnosed with osteoporosis a few years earlier, a condition that can lead to bone fractures if left untreated. Soon after enrolling in the plan, Ms. M called several doctors listed in the plan's *provider directory* to get a new prescription for Fosamax, a popular FDA-approved osteoporosis drug. None of the doctors had heard of the health plan. One doctor Ms. M contacted, however, agreed to see her and gave her the prescription. Then, Metro Health refused to cover Fosamax, falsely claiming that the drug was "experimental." In its denial letter, Metro Health advised Ms. M to focus instead on "eating adequate and balanced nutrition everyday," and suggested that "good personal hygiene will promote a sense of well-being." The Legal Aid Society contacted the Health Care Bureau on Ms. M's behalf. Ms. M told Bureau staff that the plan was threatening to terminate her membership. Bureau staff began an investigation and discovered that Metro Health Plan was operating an insurance business without a license. The Bureau obtained a court order to temporarily bar Metro Health Plan from doing business in the state and is now seeking a permanent injunction.

To best protect yourself and your family, before buying health insurance, always contact the Insurance Department at 1-800-342-3736 to confirm that the health plan is licensed in New York. To confirm whether an HMO has a certificate of authority from the New York State Health Department, call 1-800-206-8125.

NEW REPORT SAYS HEALTH INSURANCE SCAMS ARE ON THE RISE

According to a new report by the New York-based Commonwealth Fund, the U.S. is facing an unprecedented influx of unlicensed health plans selling phony insurance. These "insurers," the report notes, have grown rapidly in the past two years to prey on the growing ranks of uninsured individuals and small businesses desperate to find affordable

coverage. These fly-by-night companies typically entice new members with rock-bottom rates, collect premiums and then disappear when bills come due, sticking consumers and providers with unpaid medical bills.

According to the report, health insurance schemes have come in waves. The last spike in illegal plans, which occurred from 1988 to 1991, left more than 398,000 people with \$123 million in unpaid claims. Since 2001, just four of the largest coverage scams have left 100,000 people with \$85 million in unpaid claims, and more casualties are expected as premium increases continue to climb at double-digit rates, the report states.

Visit www.cmwf.org to obtain a copy of the report.

Attorney General Eliot Spitzer's Health Care Bureau protects - and advocates for - the rights of all health care consumers statewide. The Bureau operates a Health Care Helpline that assists thousands of New Yorkers with individual problems; investigates and takes law enforcement actions to address systemic problems in the operation of the health care system; and proposes legislation to enhance health care quality and availability in New York State. **To share your views contact the Editor: Rashmi.Vasisht@oag.state.ny.us**