Bait and switch

by the St. Louis Post-Dispatch

Insurance commissioners in at least 39 states are investigating the use of illegal tactics to sell private Medicare plans. People with mental disabilities and dementia have been sold health insurance they didn't want and didn't need, state officials have said. In some cases, miraculously, salespeople appear to have sold policies to the dead.

The New York Times and Washington Post reported this week that at least 22 states have received complaints about fraudulent signatures on insurance applications. Many others are looking into improper hard-sell tactics. Oklahoma's insurance commissioner, for example, completed a major investigation this month documenting widespread misconduct.

Industry groups maintain that the kinds of abuses described in a recent survey by the National Association of Insurance Commissioners are the work of a handful of unscrupulous agents. But two significant, mainstream Medicare insurers - Humana and WellCare Health Plans - have been implicated in possible misconduct.

The root of the problem is the staggering complexity of a Medicare prescription drug bill passed by a Republican-controlled Congress in 2003. Under the provisions of that bill, drug benefits are available only through private health insurance companies. But these same companies also offer a version of managed care for those eligible for Medicare called Medicare Advantage plans. These plans combine drug benefits with coverage for other health care services traditionally covered by Medicare. However, unlike traditional Medicare, which allows patients to choose their own doctors, the managed care plans may put limits on where care may be provided and by whom. In addition, patients often are charged a monthly fee to enroll in Medicare Advantage plans.

Many of the current crop of complaints to state insurance commissioners involve people who only wanted - and thought they only were signing up for - Medicare drug plans. They later discovered that they had been steered into enrolling in managed care plans.

Oklahoma's investigators, for example, reported that some agents used bait-and-switch techniques to get into elderly people's homes, then pressed hard to sell the managed care plans.

When the federal Medicare drug bill originally was approved, proponents argued that private plans would provide competition for Medicare. The many available options would allow elderly people to pick the plan that would work best for them.

But the dozens of available choices in each state also have been used to provide cover for high-pressure salesmen who manipulate their targets into more expensive plans.

Seniors aren't the only victims when such abuses occur. A federal Medicare advisory committee calculates that Medicare managed care plans cost taxpayers 12 percent more per person covered than traditional Medicare costs.

Congress must establish stronger oversight of Medicare insurance plans and how they are sold. It needs to standardize benefits. That's what it did for so-called Medigap plans, which cover the 20 percent co-pay for traditional Medicare.

These new revelations suggest that, in some cases, the Medicare insurance plans create a kind of "competition" that comes at too high a price, both for the elderly and for taxpayers. Officials should pursue their investigations aggressively.

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