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Methods Used by Insurers Are Questioned

By [ROBERT PEAR](#)

WASHINGTON, May 6 — Insurance companies have used improper hard-sell tactics to persuade Medicare recipients to sign up for private health plans that cost the government far more than the traditional Medicare program, federal and state officials and consumer advocates say.

Insurance agents, spurred in some cases by incentives like trips to Las Vegas, have aggressively marketed the private plans, known as Medicare Advantage plans. Enrollment in them has skyrocketed in the last year, and Medicare officials foresee continued rapid growth in the next decade.

In Mississippi, George R. Dale, the state insurance commissioner, said, “Abusive Medicare insurance sales practices are spreading rapidly throughout the state.” State Senator Terry C. Burton, [a Republican](#), said, “My office is receiving calls daily from seniors who have been victims of unscrupulous salespeople.”

Proponents of private plans say they are indisputably good for many older Americans because they coordinate care and may offer extra benefits, like discounts on eyeglasses, [hearing aids](#) and dental care.

But federal officials said that the fastest-growing type of Medicare Advantage plan generally does not coordinate care, does not save money for Medicare and has been at the center of marketing abuses.

These “private fee-for-service plans” allow patients to go to any doctor or hospital that will provide care on terms set by the insurer. In most cases, no one manages the care. And some patients have found that they have less access to care, because their doctors refuse to take patients in private fee-for-service plans.

Moreover, those plans may be more expensive than traditional Medicare for some patients, because the co-payments for some services may be higher. The Medicare Payment Advisory Commission says that the cost to the government is also higher because it pays the private fee-for-service plans, on average, 19 percent more than the cost of traditional Medicare.

Richard S. Foster, chief actuary for the Medicare program, said “the additional payments to Medicare Advantage plans, above and beyond the costs” of traditional Medicare, were causing higher premiums for all beneficiaries and speeding the depletion of the Hospital Insurance Trust Fund for Medicare.

Almost one-fifth of the 43 million Medicare beneficiaries are now in some type of private plan.

Much of the growth in private fee-for-service plans has come in rural areas, where doctors and hospitals are often in short supply.

In Georgia, two insurance agents were arrested last month and accused of conspiring to defraud Medicare

beneficiaries.

“The agents signed up unwilling consumers and even deceased individuals for private Medicare plans,” said John W. Oxendine, the Georgia insurance commissioner. “This appears to be a national problem, based on my conversations with insurance officials around the country.”

In an interview, Bobbie S. Whatley of Columbus, Ga., a 69-year-old nurse practitioner, said that a young man wearing a blue denim shirt with a WellCare logo showed up on her doorstep in November and talked to her about her insurance.

Mrs. Whatley did not sign up, she said, but he “forged my signature,” and a month later she received mail thanking her for joining one of WellCare’s private fee-for-service plans.

“It turned into a nightmare,” she said. “I spent two months trying to cancel my enrollment. I have all my mental faculties. If I let somebody like this come into my home and take advantage of me, then I am really concerned about older people who are more debilitated and not able to take care of themselves.”

John N. Aberg, a spokesman for WellCare, said the company had terminated contracts with 10 independent sales agents who had engaged in door-to-door solicitation and other prohibited marketing practices in Georgia and several other states.

“We have zero tolerance for any behavior that violates marketing guidelines,” Mr. Aberg said.

The Louisiana insurance commissioner, James J. Donelon, said some agents were using “overly aggressive sales tactics,” including false promises, “to market Medicare-related products with little or no concern for the needs of the consumer.”

James E. Long, the insurance commissioner in North Carolina, is investigating complaints that insurance agents switched residents of an assisted living community from traditional Medicare into private plans without their permission. Officials in Kansas, Oklahoma and Wisconsin said they were investigating similar complaints.

Insurers sell private fee-for-service plans as a replacement for traditional Medicare and for Medicare supplement policies, known as Medigap insurance.

But Dr. Barbara L. McAneny, a [cancer](#) specialist in Albuquerque, said that many of her patients who signed up for such plans “suddenly found that they had huge new co-payments — \$1,250 every three weeks for a combination of five intravenous [chemotherapy](#) drugs.”

In Florida and seven other states, the Universal Health Care Insurance Company offers a private fee-for-service plan that promises “the ultimate freedom to see any doctor, any time, anywhere.” This product — the Any, Any, Any plan — got off to a fast start, enrolling 85,000 people. But it “temporarily postponed new enrollments as of Feb. 14” because of a dispute with the Florida insurance commissioner, Kevin M. McCarty, who said the company did not have adequate cash reserves to comply with state law.

Robert M. O’Malley, a spokesman for Universal, said, “Our plan was much more popular than we expected.”

Coventry Health Care offered a three-night trip to Las Vegas as a reward for agents who generated the most applications for its private fee-for-service plans. By the end of January, enrollment “had already exceeded our initial expectations for the entire year,” Coventry said. The company, which trains agents in the “dos and don’ts of marketing,” said it had “an excellent track record” of compliance.

Insurers frequently offer cash bonuses, trips and other financial incentives for agents to increase sales in the Medicare market.

From December 2005 to April of this year, total enrollment in private plans increased 39 percent, to more than 8.5 million. Private fee-for-service plans accounted for more than half of the growth. Their membership rose to 1.5 million, from 209,000 at the end of 2005.

In a letter inviting insurance companies to participate in Medicare next year, the Bush administration expressed alarm about the marketing of some private plans. It said that beneficiaries and even doctors were often confused about them.

“Providers and people with Medicare do not clearly understand this product,” said Abby L. Block, the Medicare official who supervises private plans.

Leslie V. Norwalk, acting administrator of the Centers for Medicare and Medicaid Services, said her agency had visited WellCare’s corporate headquarters in Florida and conveyed “strong concerns” about the company’s behavior.

“WellCare was informed that its efforts thus far to address marketing issues were inadequate and unacceptable,” Ms. Norwalk said. She vowed to step up supervision of private plans.

David A. Lipschutz, a lawyer at California Health Advocates, a nonprofit group, said that insurance agents working for WellCare had made unscheduled visits to a subsidized housing complex in the San Francisco area and signed up elderly Chinese-Americans with limited ability to speak English. After being enrolled in one of WellCare’s private fee-for-service plans, he said, some of the low-income patients discovered that their doctors did not accept the plan.

The private fee-for-service plan is like a privately administered version of traditional Medicare. Congress authorized such plans in 1997 at the urging of the insurance industry, rural lawmakers and the National Right to Life Committee, which opposes not only [abortion](#), but also [euthanasia](#) and the rationing of care for older people.

Brock A. Slabach, administrator of the Field Memorial Community Hospital in rural Centreville, Miss., said that private fee-for-service plans were causing havoc at his 25-bed hospital.

“People are signing up for programs they don’t understand,” Mr. Slabach said. “Agents for a private fee-for-service plan set up tables in front of a grocery store or a drugstore here. Seniors think they are signing up to get drug coverage or just to get more information. The next thing they know, when they show up at our hospital, they are in that company’s plan.”

Private plans generally provide all the services of traditional Medicare, and many offer extra benefits, but the co-payments may be different. Thus, Mr. Slabach said, under traditional Medicare, a beneficiary does not have any co-payment for the first 20 days in a skilled nursing home, but some private fee-for-service plans charge \$100 a day, and that charge comes as a shock to some patients.

Kelly E. Van Sickle, director of managed care at Catawba Valley Medical Center in Hickory, N.C., said, "Private fee-for-service plans have flooded our market and created significant confusion for our senior population."

Michael Hagen, chief executive of Riverwood Healthcare Center, which runs a small hospital and three clinics in rural Aitkin, Minn., reported a similar experience.

"Patients buying these private fee-for-service plans are not sure exactly what they have bought," Mr. Hagen said. "They go to a meeting sponsored by an insurance company. They hear a salesman. Sometimes the salesmen do not understand the nuances of the products they are selling. They do not realize that the beneficiary's co-payments may be higher than in traditional Medicare."

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