

For Immediate Release
Monday, November 3, 2008

Grassley asks AARP about misleading marketing of product called health insurance

WASHINGTON -- Senator Chuck Grassley is asking the AARP to account for the way its marketing materials for a product it calls health insurance fails to limit policy holders' exposure to the potentially high cost of a serious illness. Grassley said the AARP materials include examples of medical expenses, but the examples are misleading and do not reflect how the policy would actually work in a typical situation.

“The pitch for these products should be straight up and informative, instead of designed to leave the impression of being comprehensive when the product is, in fact, very limited and leaves consumers seriously in debt if they need intensive medical care,” Grassley said. “Individuals shopping in the health insurance marketplace shouldn't be taken advantage of. A big time advocate for health security should not target under- and un-insured Americans with misleading marketing. Consumers deserve better. It's not better than nothing to encourage people to buy something described as 'health security' when there's no basic protection against high medical costs.”

Grassley is also writing to state insurance commissioners to ask if they've received complaints about the AARP policies or other limited benefit policies. Twenty-nine states recently entered into a settlement with the Mega Life and Health Insurance company for actions related to the misleading marketing of those policies which are also limited benefit policies similar to AARP's.

Grassley said his inquiry was prompted by the experience of a cancer patient treated at M.D. Anderson Cancer Center in Houston, who was forced to produce tens of thousands in payments up front before she would be treated. Lisa Kelly's health policy was an AARP limited benefit policy. Grassley said his review of the health policy led to the conclusion that the marketing materials are misleading and would cause an average person to believe he or she is buying real insurance when the coverage is not insurance.

Copies of Grassley's letters to the AARP and to insurance commissioners in Washington, D.C. and the 29 states where this plan is offered (Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, Georgia, Hawaii, Illinois, Indiana, Iowa, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, New Mexico, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, West Virginia and Wyoming) are posted with this news release at <http://finance.senate.gov> and <http://grassley.senate.gov>.