

Fact Sheet



U.S. Department of Labor
Employee Benefits Security Administration
October 2003

How to Protect Your Employees When Purchasing Health Insurance

- ?? **Compare insurance coverage and costs.** Always compare the benefits and costs of multiple insurance products. If one product appears to offer similar benefits at a dramatically lower cost, ask questions.
- ?? **Confirm** that the person offering the product is a licensed insurance agent with a proven record of reliability. Promoters of insurance scams often engage unlicensed insurance agents to market their product as a cheaper alternative to traditional insurance. Check out unknown agents with your state insurance department.
- ?? **Verify** that any unfamiliar company, organization or product is approved by your state insurance department.
- ?? **Examine the policy** to determine the actual coverage and whether the promised benefits are fully insured by a licensed insurance company. Do not confuse representations about stop-loss coverage with a guarantee of group health benefits. Stop-loss coverage often protects only the issuer, not the insured individuals.
- ?? **Request references** of employers enrolled with the provider and get information from employers about benefit payment history and claim turn around time.
- ?? **Ask about the allocation of premiums** charged for commissions, fees and administration expenses. Allocation of a high percentage of the premiums to commissions, fees and administrative expenses may indicate a problem with the product or insurer.
- ?? **Contact** your Regional Office of the Employee Benefits Security Administration (U.S. Department of Labor) through its toll-free number at **1-866-444-EBSA (3272)** or at **www.askebsa.dol.gov** to report problems.