Life & Health Insurance Advisor

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The Keys to Identifying Health Care Fraud

Most health care providers are honest. But the few that aren't can ruin it for everyone else by driving up health care costs and insurance premiums.

According to the Federal Bureau of Investigation (FBI), health care fraud costs the country tens of billions of dollars a year. The bureau is the primary agency for exposing and investigating health care fraud, and oversees both federal and private insurance programs.

You can protect your bank account and identify fraudulent practices by becoming aware of common schemes targeting either you or insurance companies. Here are some of the most common schemes and how to deter them.

The Scheme: Stealing Your Personal Information. While it might be tempting to accept a free medical screening, some criminals use this method to gather information that can be used to steal from you or your insurance company. Others will pay office personnel to steal your information.

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ACA Ruling Now Before Court of Appeals

Now that a U.S. district court judge has ruled that the Affordable Care Act (ACA) is unconstitutional, you're probably wondering if you're still required to purchase minimum essential coverage.

The answer is yes — at least for now.

Judge Reed O'Connor determined the ACA is invalid because in 2018 Congress eliminated a key provision penalizing those who did not purchase minimum essential health coverage. The judge said the penalty was essential to the coverage mandate of the ACA.

The ruling underscores the divide between the Democrats who approved the Obama-era

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What to check: Make sure there is a valid reason when you give someone your insurance card information. If you visit a new clinic, look around to see if the clinic has equipment that is typical for medical centers. And, be very wary of phone offers for unnecessary equipment or products.

To determine whether insurance information is being used without your knowledge, carefully review the explanation of benefits (EOB) forms your insurance company sends you. Contact your insurance company if you see any services or supplies that should not be listed or if you were charged for an item or service that is more expensive than what you received.

The Scheme: Paying Your Deductible or Co-payment for You. What's not to like about a medical provider offering to pay your out-of-pocket expenses or even offering you a substantial discount? The problem is that they probably want something. Some providers will submit false claims to insurance companies to make up the difference.

What to check: Don't agree to have your costs waived or reduced. In many cases, it's illegal for you to agree to this type of arrangement.

The Scheme: Charging for Care Not Provided. Dishonest medical providers or facilities will submit claims to Medicare officials or to insurance companies for services and care that they did not provide.

What to check: Again, it pays to look at your explanation of benefits. If you question a claim, investigators can look for a paper trail. All procedures should be documented with dates of services; a patient's medical records; and the provider's sign-in logs.

The Scheme: Billing for Services Not Covered by Insurance. A medical provider who performed cosmetic surgery on a nose but submitted a claim for a deviated-septum repair, knowing that it will be covered. Or, the provider might code an experimental treatment as a regular treatment knowing that the insurance company doesn't cover anything experimental.

What to check: Don't be tempted to participate in a scheme like this. You might think it affects no one because the insurance company is footing the bill. However, high claims can lead to higher premiums for everyone.

The Scheme: Intentionally Misdiagnosing a Condition. A dishonest provider might diagnose a simple illness or injury as something more complicated in order to charge more for tests. Unfortunately, this happens often with elderly patients.

What to check: Sadly, it's difficult to know what to look for if you're not a medical doctor. It can pay to get a second opinion.

The Scheme: Reporting Incorrect Dates. Providers get paid each time they see a patient, so they make even more if they add a few extra visits.

What to check: Check the dates on your bills to see if they match the dates you actually visited.

The Scheme: Unbundling. Unbundling is a scheme where a provider lists one procedure as several services — which increases the costs.

What to check: If you, for instance, were getting outpatient cataract surgery, but you see it listed on your EOB as a long list of procedures, talk to your insurance company about it.

law, and Republicans who object to the federal government becoming more involved in the nation's health care system. More than 12 million people enrolled in health coverage under the law, which requires insurance companies to cover individuals with preexisting conditions and charge them the same premiums as healthy individuals.

The Scheme: Listing Incorrect Locations. A provider might count visits that didn't actually happen. For instance, insurance companies don't pay for injections that patients give themselves, but a doctor might count it as a visit.

What to check: Check your EOB to see if you are being charged for more visits to the doctor than you actually made.

The Scheme: Charging a Higher Cost for Less Qualified Medical Personnel. Some medical providers will say that a physician provided care when it was most likely a licensed or even unlicensed worker. Insurance companies usually pay for licensed professionals, but at a lower rate.

What to check: Even if you check your EOB, this is a situation where it will be difficult for you to know whether you are being charged for professional care or care by someone else.

Remember, if you suspect that a fraud has been committed, call your insurance company or your local FBI and let them investigate the situation.

How Having a Disability Affects Life Insurance

If you have a disability, you may want to do more research than most people before purchasing life insurance.

The purpose of life insurance is to help beneficiaries pay off debt and even cover their living or college expenses. The 2018 Insurance Barometer Study conducted by Life Happens and LIMRA shows that more than a third of the households surveyed believe they would experience a financial impact within one month if the family's primary wage earner died.

For those who have a disability, it pays to work with an agent who specializes in high-risk coverage. These agents are experts on which insurance companies offer the most affordable policies and can give you an idea of rates and limitations. An agent can help find policies to meet your needs and budget and will answer questions about the details.

When working with an agent, don't be tempted to fudge on the details. If you intentionally falsify information, you could lose coverage or your beneficiaries could lose any payout.

How Underwriting Works

Remember that having a disability doesn't mean you automatically will be denied coverage. Most life insurance companies handle applications on a case-by-case basis. They rely on underwriters to determine whether they will offer insurance, and if so, at what rate. Underwriters take into account the applicant's health background, medications and family history. They also schedule a medical exam that may include testing blood and urine, as well as checking health indicators such as blood pressure, pulse and weight.

Depending on the results, the underwriter will classify the applicant within tiered categories that can include:

- Preferred Plus
- Preferred
- Standard Plus
- Standard
- Preferred/Standard Smoker

Preferred Plus policyholders often get the cheapest rates, with rates increasingly more expensive as you move down the tiers.

Applicants with a complicated health history may be placed in a "substandard" category; have their application denied or have it approved with certain stipulations, such as a waiting period before claims can be made.

Underwriting's Red Flags

There are certain conditions that could affect whether you get coverage. Whether or not the condition is considered often depends on severity. Some of the more common red flags are:

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- Cancer
- Heart disease
- High blood pressure or cholesterol
- Obesity and weight-related conditions
- Diabetes
- Organ transplants
- Mental health conditions (depends on the condition. For instance, dementia or substance rehabilitation may decrease the chance of getting coverage)
- Smoking (you may be considered a nonsmoker if you have not smoked for a year or more)
- Sleep apnea

Underwriters also check to see if the applicant is working — using it as an indication of an applicant's health.

Improving Your Odds

Here are things you can do to increase your chances of getting coverage or an affordable rate:

Improve your health – Insurance companies usually consider how much control you or your treatments have on your disability.

Request a copy of your medical records before applying for life insurance – Knowing what your physician has written will let you address the concern before an underwriter receives the records.

Talk to an agent or broker – You should consult someone who works with multiple insurance companies and can submit anonymous preliminary inquiries to gauge whether a company might approve a full application

Be employed – If you are working, make sure the insurance company knows you are working and are going to follow-up doctor appointments.

Ask for another review – You might be able to request a new medical exam to increase your eligibility for lower premiums if your medical condition improves.

Alternatives to Traditional Life Insurance

If you can't get life insurance through the traditional underwriting process you may be able to get coverage another way.

Sign up for coverage at your workplace – Many workplaces offer life insurance, and these group plans typically do not require any medical questions or examination. The downside is that coverage ends when you leave that job.

Guaranteed issue life insurance – These plans are not underwritten, but their premiums can be significantly higher and usually the plans offer less comprehensive coverage. The policies are term life policies, which mean they have a set duration.

Final-expense life insurance – Similar to term life, there's no underwriting and no medical exam. Premiums are high, though, and coverage often is limited to small amounts such as $10,000 to $20,000. For help choosing the right life insurance policy for your situation, please contact us.

How to Prepare for Retirement – Beyond Saving Money

It's never too soon — or too late — to plan for retirement and to take positive steps for saving money

More than three out of five 65-year-olds are expected to reach age 80, according to the Social Security Administration — an increase of almost 50 percent from 50 years ago. While that's great news, think about what that means to your retirement saving. If you retire at age 65 and live to be 80, you will spend 15 years in retirement. If you live to age 100, you will be retired for 35 years.

The good news is that it's never too soon — or too late — to plan for retirement and to take positive steps to saving the amount of money you will need for retirement. Here are several steps you can take now beyond the simple "just save more" game plan.

Determine Your Budget – You may be years from retirement, but you should determine now how much you'll need. Track your spending and figure out which expenses you won't have when you stop working and which expenses may increase. This will help you decide whether your present investments are enough to cover your future needs. If not, make adjustments immediately. Work with a financial planner if you think you need assistance.

Get rid of high-interest debt – Some of the high-

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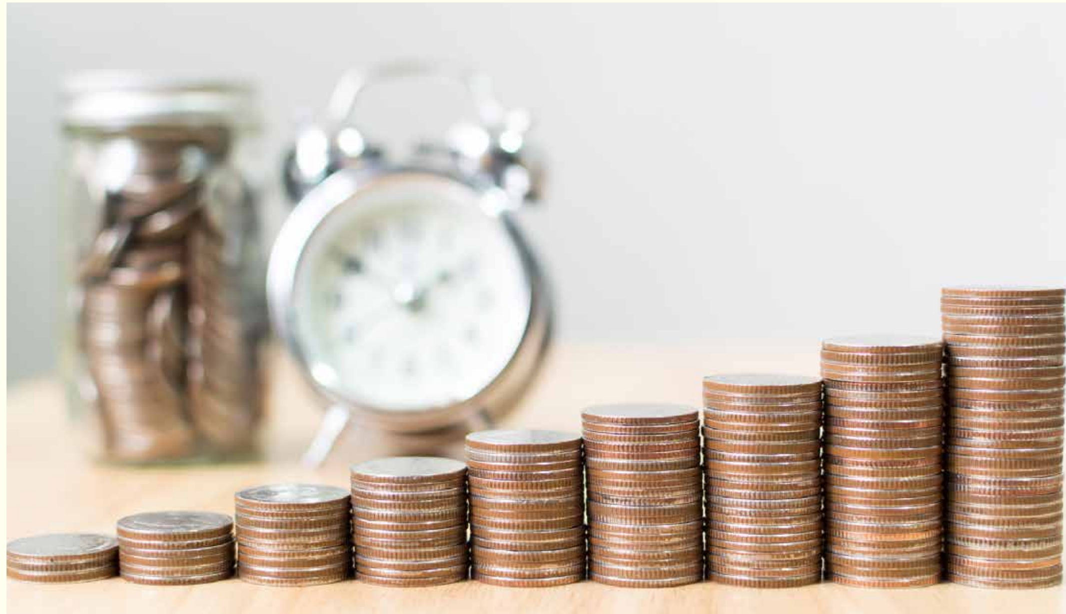
est interest rates you'll pay are for credit card debt, and the Employee Benefit Research Institute reports that nearly 50 percent of seniors aged 75 and older have outstanding debt — mostly from credit cards. Many credit card companies charge their clients 20 to 25 percent interest. If you had $20,000 in debt, you'd pay $4,000 to $5,000 annually — just for interest — before even paying any of the balance. Don't go into retirement with that debt. Pay off the debt now, and then use the funds you had to put toward your credit card debt into saving for retirement.

Shop for the Lowest Fees – You will be charged a fee for having someone manage and invest your money. That's fair — you're paying for their expertise. Just make sure that you're not paying more than necessary to your banks, brokerages, and credit card and mutual fund companies.

For instance, one company might charge 1.18 percent for managing your mutual funds, while another company might charge 0.10 percent for the same service. When added up, you could save several thousand dollars over several years. However, make sure that you're getting the services you need. Sometimes a higher fee is worth the attention and service you need.

Plan to Pay Off Your Mortgage – Even if you have a low interest rate on your mortgage, it's still a good idea to pay off your house. You still will have home-related expenses, including property taxes, insurance, maintenance and repairs, but your mortgage will be one less expense to worry about.



Some retirees go with a reverse mortgage when they have a lot of equity in their homes. The reverse mortgage lender provides the home owner with a steady income. The loan doesn't have to be paid back until the homeowner moves out or dies. If you have heirs, they may have to sell the home unless they can afford to pay off the loan.

Consider a Change of Scenery – Use your vacation time to check out great retirement cities. Not only can you look for places that match your interests, but you might find places that allow your retirement dollars and the equity from the sale of your home to go farther.

USA Today in 2018 ranked the top 30 cities for retirees, taking into account the prevalence of recreational facilities, access to medical facilities and the amount of income a retiree would need. Rochester, Minn., was ranked number one, with an average retirement income of $26,217.

Don't Serve as a Bank for Your Adult Children – According to a survey by Merrill Lynch and Age Wave, four out of five parents offer financial support to their adult children. And a TD Ameritrade survey discovered that many millennial receive about $11,000 annually from their parents. That same money invested annually at 8 percent could be a boon to your retirement savings. Please contact us for help planning for retirement.

Medical Trends That Will Affect Your Pocketbook

You don't need a crystal ball to know that health care costs will continue to climb.

According to PwC's Health Research Institute, growth fluctuated between five and a half and seven percent the past five years and is expected to increase six percent this year.

The good news is that the more we learn about what's causing the increase, the more insight we'll gain to stem the tide.

The *Journal of the American Medical Association* (JAMA) attributes the annual increase to several factors:

Insurance Costs: According to the National Conference of State Legislatures, the average annual premium for family health care coverage in 2018 was $19,616. The rates for 2019 are expected to be about three percent higher. Health insurance premiums go up with inflation, but also reflect the high price of new diagnostic and treatment procedures and drugs. Experts also cite government policies and programs, like Medicare and Medicaid, for increasing demand for health care, as well as lifestyle changes.

Chronic Diseases: Almost half of all Americans have a chronic illness, such as diabetes and heart disease. The JAMA study authors reported that diabetes and heart disease alone are responsible for 85 percent of health care costs.

Skipping Medical Care: Along with higher premiums, Americans have to pay more out of pocket costs, and many skip seeking medical care because of the costs. A West Health Institute and University of Chicago poll revealed that over the past year 44 percent of Americans refused to go to a doctor because of cost concerns.

Lack of Transparency: It's difficult to get the best price for a procedure if you can't discover its cost. Lack of transparency also means that providers can inflate the cost of a procedure. While the Trump administration now requires hospitals to post their prices online, some experts say it won't help because the way codes and prices are posted now is confusing.

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