

## North Bay Bohemian

November 22-28, 2006

# Senior Scam?

*Confusing changes and ambiguous names set stage for privatization of Medicare and possible fraud*

**By Patricia Lynn Henley**

During the busiest, most emotional season of the year, seniors and their family members must make decisions affecting their prescription drug and supplemental Medicare coverage for all of 2007. And the information they're using to make their decisions may not be as unbiased as it appears. At least one for-profit Bay Area insurance agency is being investigated for its potentially misleading marketing materials that could lull Bay Area seniors into thinking the company is an altruistic nonprofit. While this particular situation only affects seniors, it's an interesting glimpse at the potential pitfalls in the trend toward privatizing services traditionally provided by the government.

The open enrollment period for choosing a 2007 Medicare plan is Nov. 15-Dec. 31. However, prices and coverage policies will change Jan. 1; to switch on that date, applications must be filed by Dec. 8.

Early this month, the feds mailed out a 116-page booklet, Medicare & You 2007, which Congressional Democrats criticized as leaning heavily in favor of private insurance plans while downplaying the traditional government program.

Confused Northern California seniors thumbing through this massive official document may have been relieved to also receive a colorful, easy-to-understand mailer offering free advice from a "Medicare specialist" by calling the toll-free number for the San Francisco-based Senior Educators.

Only in one spot--in extremely small type--does the brochure list Senior Educators' officially registered name, Professional Senior Educators Insurance Services. This is a for-profit firm that earns its income from signing up seniors with Medicare coverage from private companies--a situation the mailer characterizes as being "licensed to discuss your healthcare options."

"We're a business, we're not a nonprofit," agrees company spokesman Conor Lee. "Our business basically is that we give people unbiased information for Medicare plans, because we enroll people in the vast majority of plans out there and we get paid about the same amount per plan. We don't advocate for one particular plan."

The company's goal, Lee asserts, is to simplify the Medicare process through easily accessible information--with no long waits on hold as on some governmental phone lines--thus assisting seniors in making wise choices among the plethora of private plans. "We really are proud that our customers come back to us, because we make good recommendations and really work with them to find a plan," Lee adds. "We're a business, but we're in it for the long term."

The company's website touts its "unbiased guidance" and its online address ends in ".org," which many people associate with nonprofit organizations. It takes an extremely thorough reading of either the website or the brochure to learn that Senior Educators is a for-profit business. It's easy to come away with the impression that this a nonprofit group, selflessly operating for the benefit of California seniors.

Lee says the website is being revised and that seniors who call the toll-free line are informed that Senior Educators is *not* a nonprofit organization.

Yet a recent press release sent to Bay Area media neglects to mention the company's for-profit status. A story in the Nov. 12 issue of the *Oakland Tribune* quoted Senior Educators president Brian Poger on the complexity of the Medicare changes for 2007 and highlighted a Hayward resident who successfully used Senior Educators' services, without ever mentioning that this is, in fact, a for-profit company.

But under California law, all marketing materials must use the company's full name, Professional Senior Educators Insurance Services, says Lauren S. Hersh, deputy press secretary for the California Insurance Commissioner.

"Using just the name 'Senior Educators' is not only misleading, it is in violation of their license," Hersh says. "Senior Educators Limited is now under investigation. A report of suspected violation was opened Nov. 14 in response to a complaint. I am not able to comment further on the case, because it is under investigation."

And Senior Educators isn't the only outfit with promotional efforts that folks might easily misinterpret. Cindy Scarborough, executive director of the Vintage House Senior Center in Sonoma, received copies of a "special issue" of *The Seniors Coalition Advocate* with a cover story titled "The Medicare Drug Benefit: One Year Later," so she put the publication out where the center's many visitors could read it. A sharp-eyed senior spotted it, and explained to Scarborough that both the *AARP Bulletin* and Ralph Nader's *Public Citizen* have identified Seniors Coalition, United Seniors Association and 60 Plus Association as "advocacy" nonprofits reportedly funded by the pharmaceutical industry.

Scarborough says there could be other misleading publications being distributed. "I'm guessing this is the tip of the iceberg, because there is so much money at stake."

The current approach to Medicare needs to be revamped, says Congresswoman Lynn Woolsey, D-Petaluma. It's currently illegal for the government to negotiate lower prices with pharmaceutical companies. Woolsey says that's one of the first things that needs to

change when the newly elected Democratic majority hits Washington, D.C. "It's clear that our healthcare system is broken, but rather than privatize so the lucky few can afford healthcare, we need to step up and put together a plan that will have universal coverage."

Meanwhile, seniors are faced with an overabundance of options and not much time to understand the changes in store for 2007. Many private plans have increased premiums, changed the drugs covered and enlarged what's known as the "doughnut hole," where total prescription costs run so high that seniors have to start paying the full cost of their drugs until catastrophic coverage kicks in.

Neil Bodrog, outreach coordinator for Marin and Sonoma counties for the state-run Health Insurance Counseling and Advocacy Program (HICAP) notes that one company, considered by many to offer the best plans in 2006, is tripling its basic premium from \$5.41 a month to \$15.70 in 2007, and is no longer offering a separate plan with full coverage for brand-name drugs. The cheapest local monthly premium for a basic plan in 2007 will be \$9.70, he adds, and one with complete coverage of brand-name prescriptions runs \$74.80 a month.

There's also a category known as Medicare Advantage or Senior Advantage, in which private insurance companies provide healthcare benefits. In 2006, there were 25 Advantage programs in the greater Bay Area; in 2007, there will be 43.

Bodrog says seniors often feel they have too many choices. "It's like walking into a supermarket and facing a wall of cereals and not having any information on what to pick."

Seniors need to thoroughly understand the plan they have this year and how it will change in 2007, says Bonnie Burns, a training and policy specialist for the nonprofit California Health Advocates. (Details are online at [www.medicare.gov](http://www.medicare.gov); or call HICAP at 1.800.434.0222 for personal counseling.)

"Most people are concerned about their prescription drugs, but if they're in a managed HMO health plan, they also need to know how their health coverage may have changed, and the cost," Burns says. "Unfortunately, this issue has more layers than an onion."

## North Bay Bohemian

December 6-12, 2006

# Snake Oil, Anyone?

*As dubious Medicare marketing proliferates,  
let all health insurance buyers beware*

**By Patricia Lynn Henley**

Last year, Americans 65 and older had six months to choose among a myriad of Medicare options, both for Part D, covering prescription drugs, and what are known as Medicare or Senior Advantage plans, where private companies provide managed healthcare similar to the original government-run program.

As the government leads the way toward the privatization of Medicare, the spiritual descendants of snake oil salesmen are using slick direct-mail techniques, toll-free numbers and a host of ambiguous phrases to convince seniors to buy their products. One for-profit company even managed to manipulate more than 30 mainstream media outlets into including its name and contact information in news stories as if it were a nonprofit service.

The advice "Let the buyer beware" has moved squarely into the realm of health insurance.

Rattled by initial changes to the Medicare program, most people assumed that 2007 would bring simpler choices. Instead, private insurers are making extensive changes in premiums and coverage. This year, there were 25 Advantage programs in the greater San Francisco Bay Area; starting Jan. 1, there will be 43. Medicare recipients have until Dec. 31 to choose the plan they want for all of 2007.

"People are having to make life-changing decisions about their healthcare coverage," says Tatiana Fassieux, a regional manager for the Health Insurance Counseling and Advocacy Program (HICAP), a state agency established to provide accurate information to Medicare beneficiaries.

And with the move toward consumer-driven healthcare, where individuals--rather than employers or, in the case of Medicare, the government--become responsible for their health insurance choices and costs, all age groups could face similar choices.

Senior Educators is "an independent service to help navigate Medicare and to help seniors find the best coverage," says Kelly, the friendly young woman answering Senior Educators' toll-free phone line. Kelly starts to explain that the "independent service"

works with "many" insurance companies, but quickly corrects herself to say it "works with just about every insurance company in California except Kaiser."

After discussing the caller's circumstances, Kelly finally acknowledges that her services are free because Seniors Educators "contracts with insurance companies and we get paid referral fees from the insurance companies."

Although it's hard to tell from its website and promotional mailers, the San Francisco-based Senior Educators is licensed in California as Professional Senior Educators Insurance Services, a name that's supposed to be used in full whenever the company conducts any business. As reported earlier in these pages ("[Senior Scam?](#)" Nov. 22), this is a for-profit agency making money by referring seniors to one of the private insurance companies it represents; there are just six in California.

Last year, Senior Educators operated primarily in California; now it's offering "free, unbiased guidance" in more than a dozen states. Thanks to ambiguously worded statements sent to the press and a news wire story giving no indication of its for-profit status, company officials have been quoted next to nonprofit Medicare experts in more than 30 newspaper stories nationwide. In some cases, the firm's contact information was listed as a resource for Medicare recipients, with no acknowledgement that Senior Educators earns money for every referral to a private plan.

After inquiries by the *North Bay Bohemian* and a complaint by an employee of a nonprofit organization, the California Insurance Commissioner's office is investigating Senior Educators' marketing efforts. But Senior Educators' spokesman Conor Lee says it's always clear the firm is a for-profit business.

"In any kind of mailing or solicitation, we specifically describe ourselves as a licensed service to discuss Medicare plans. If a senior calls us for information on specific plans, it very clearly states that we are compensated."

Margaret Riley, HICAP manager for nine counties in the Sacramento area, objects to private companies acting as if they're nonprofit organizations. She says that firms like Senior Educators only connect seniors with the private companies they represent and don't have the training to know when other programs, including the original government-run system, could be the best choice for a particular individual.

"I don't object to anybody helping seniors, but don't help them in the name of your own pocketbook," Riley asserts. "Help them in the name of what's best for them. If you have good intentions and you're ethical, you're not going to mislead others. You'll say right out what you're doing--that you're selling insurance."

If you have \$1,195 to \$1,395 to spare and are willing to complete an online study program or attend a four-day class and then pass a test administered by the same people who sold you the course, you can become a Certified Senior Advisor through the Society of Certified Senior Advisors. As the website for the Canadian equivalent proudly

proclaims, "Certification builds Credibility, Credibility builds Trust, Trust builds Business."

"When you add CSA to your name in your ads, that gives you an aura of legitimacy," Riley says. "[Saying that] 'I am a certified senior adviser,' is not worth the paper that it's written on, because I have CSAs calling me for advice. Their level of training is not extensive."

An insurance agent in the Chico area not only lists himself as a CSA in his newspaper ads, he also claims his office to be a "Medi-Care Part 'D' Drug Enrollment Center."

The problem, says Congressman Pete Stark, D-Fremont, is that Medicare officials didn't set tight parameters when allowing private insurance companies to sell Part D prescription coverage. Years ago, when federal legislators structured what are known as Medigap policies, Stark explains, they allowed companies to offer only 10 to 12 standardized programs. Premiums could vary, but benefits had to be comparable.

"There's no standardization now in the Part D programs," Stark says. "The whole system is almost stacked against the beneficiaries and in favor of the insurance companies. The longer you look at it, the worse it gets."

While Medicare recipients are locked into the plan they choose for all of 2007, Stark says, insurance companies can change their formularies at any time during the year. They could, for example, drop the exact drug a senior needs, but the subscriber won't be able to switch to another plan until 2008.

"All I'm hearing from the [Medicare] administration is about how wonderful these plans are," Stark adds. "We're supposed to serve the beneficiaries, it seems to me, rather than the industry. We haven't heard the last of these scams, because there are operators out there ripping off seniors."

While the marketing techniques used by companies like Senior Educators may be questionable, that's a matter for each state to decide, says Jeff Flick, Bay Area regional director for the Centers for Medicare and Medicaid Services. The federal government regulates the health-insurance companies themselves, not the agencies representing them.

"Procedures are in place to make sure plans are following guidelines," Flick explains. "When one plan crosses the line and violates marketing requirements, generally the way we find out is a competing plan reports it. The plans tend to police each other."

And what about the press coverage that implied Senior Educators was a nonprofit service? Flick says press releases aren't reviewed by the government unless they contain specific benefit information. Senior Educators' bid for free media coverage isn't illegal.

"I'm not sure there's a law against being clever," Flick adds.

*A trained HICAP counselor will make a public presentation on Medicare 2007 on Wednesday, Dec. 13, at the Parnow Friendship House, 164 N. San Pedro Road W., San Rafael. 1:45pm. Free. HICAP: 1.800.434.0222; Medicare: 1.800.MEDICARE.*

# Medicare's Fine Print

*'Free' health insurance advice may cost too much*

**By Patricia Lynn Henley**

In late November and early December, three North Bay senior citizens with different healthcare needs called a toll-free number that promised "unbiased guidance" for "navigating Medicare." In due course, each of them received identical packets recommending the same insurance plan. Only the names on the cover letters differed; it was a mass-marketing mailing sent under the cloak of personalized, altruistic assistance.

This is just one aspect of the current health-insurance morass, in which consumers must ferret out for themselves whether the advice they're getting comes from a truly impartial source or a for-profit company. Multibillion dollar corporations have the resources to present the "facts" in a fashion that best serves their own bottom-line interests. Sometimes the origin of this information is labeled so that it's ambiguous at best or even downright deceptive.

With the ongoing trend shifting the burden for health-insurance choices and costs from employers and the government to individuals, all age groups need to be aware of what's going on. "Spin" is definitely a force in all aspects of society, including prescription drugs, healthcare and insurance.

In the name of reform, "original Medicare" has been joined by a myriad of rapidly evolving private options for seniors' prescription drugs and managed healthcare. With most premiums rising and coverage details changing on Jan. 1, recipients have until Dec. 31 to choose the plan that best meets their needs, but they are urged to submit their paperwork sooner, so they aren't stuck without ID cards or other proof of insurance for the first part of January.

A resident of Sonoma, Helen, 78, called Senior Educators' toll-free line in November asking if her current \$70 monthly premium for Secure Horizons' supplemental Medicare program is best. The friendly young woman who answered the call said cheerfully that Helen (who, like the other seniors in this story, asked not to be identified) could get coverage with absolutely no monthly premium payment, and the young woman would be glad to send details about the best available plan.

A retired business manager, Helen always reads every document thoroughly before making a decision. That's how she caught the fact that the recommended Blue Cross Freedom Blue PPO has a \$1,000 deductible, compared to the zero deductible of her current plan. She also realized that a number of her co-pay fees would be higher; for example, the cost of her physical therapy visits would jump from \$30 to \$90.

Helen's sticking with her current Medicare supplement plan. The "zero" premium payment doesn't sound as good to her now as it did when the young woman from Senior Educators was describing it on the telephone.

"I've had two surgeries on my shoulders and carpal tunnel this year," Helen explains. "I think I paid \$150 for each time as an outpatient. That's only around \$300--a lot less than \$1,000."

The suggestion that Helen consider the Freedom Blue plan came from San Francisco-based Professional Senior Educators Insurance Services, which includes its full name at least once on its marketing materials but mostly refers to itself as the more helpful-sounding Senior Educators. When Sonoma County resident Sandy, 79, a retired real estate agent and former registered nurse, called for advice, the Senior Educators representative asked her to spell the name of her current insurance plan, Kaiser Permanente.

"I asked her why she wasn't familiar with Kaiser," Sandy recalls. "She told me she was in a small town in Minnesota."

Sandy could clearly hear several other voices in the background, all answering similar questions about Medicare insurance. Eventually, Sandy was mailed a cover letter, insurance pamphlets and application forms identical to those sent to Helen. Sandy also decided to stick with her current coverage.

Ditto for Janice, who called Senior Educators about her 88-year-old mother-in-law, currently covered under a Secure Horizons supplemental Medicare plan. Once Janice saw the deductible and other terms, she decided Senior Educators' recommendation wasn't right for her family.

All three callers reported that company's representatives urged them to register for Medicare plans through Senior Educators, saying "referral fees" from insurance companies are what make it possible to offer this "free service for seniors."

California companies aren't paid referral fees--only sales commissions, says Melinda Aval, chief investigator for the California Department of Insurance. Senior Educators is under scrutiny to see if its marketing efforts meet the state standards for honesty, good faith and fair dealing.

If a company's advertising is found to be inappropriate, the firm is asked to change its methods, Aval says. "Sometimes we just close [the investigation] out with a warning after they've made the correction," she explains.

Jeff Flick, Bay Area regional manager for the Centers for Medicare and Medicaid Services, says most infractions of federal insurance guidelines are reported by other companies, so the market polices itself.

The ultimate result, says Bonnie Burns, training and policy specialist for the nonprofit California Health Advocates, is regulation by disclosure. If a company explains its status, policies and limitations anywhere in its materials, then it's often considered legally compliant.

"If the disclosure gives you information about something and you don't see it or you don't understand it, there will be no consequences to the person who made the disclosure," Burns explains.

Seniors trying to choose the least expensive Medicare plan may not realize that there's a large deductible, or that some services or procedures might not count toward the maximum "cap" on how much the recipient pays each year. Seniors who are accustomed to fairly all-inclusive supplemental Medicare policies could switch to a different plan and discover the out-of-pocket expenses are a lot more than anticipated. And if their health suddenly takes a turn for the worse, they may find that many major costs aren't included.

"What's in the contract is what's important," Burns adds. "It's not what's in the advertising. Does the contract accurately reflect what the advertising is saying to people? There are just enormous opportunities for misunderstanding."

Companies like Senior Educators may in fact be giving good advice to seniors, Burns says, but there's no way to know how much the commission is for each senior registered or if that money influences the firm's recommendations.

"It's virtually impossible to make fully informed decisions," says Sonoma State University instructor Skip Robinson, one of the co-authors of the university's five-year healthcare crisis report. "They've made [Medicare] unnecessarily complicated, so you can't make good comparisons in most cases."

Many private Medicare plans are set up to appeal to healthy seniors who want low premiums and aren't concerned about the level of co-pays or covered services, Robinson says. That leaves the government-run program with a higher level of unhealthy seniors, which causes costs to rise. Fragmenting the market weakens the system.

The new Democratic congressional majority has pledged to revamp the unwieldy Medicare system, but it will take a strong bipartisan effort in the face of an even stronger corporate desire to protect and perhaps expand the existing profitable circumstances.

"They have absolutely fantastic profits at risk," Robinson says of the pharmaceutical and insurance industries. "They make so much profit in the United States, it's really shocking."

And with that much moolah in the mix, there's bound to be major lobbying and marketing efforts to convince both government officials and the public that the current trend toward free-market private health insurance plans is in everyone's best interests.

Robinson comments, "People are just unconscious of how much companies are trying to affect their reasoning."

## **North Bay Bohemian**

January 10-16, 2007

# **News Briefs**

**By Patricia Lynn Henley**

## **More Medicare kinks**

The road to privatizing Medicare is clearly not a smooth one, and the Feds (and the seniors who depend on them) are bouncing through yet another pothole. Most private insurance companies offering Medicare healthcare and drug plans made significant changes for 2007, including increasing premiums and dropping some drugs. Medicare recipients had from Nov. 15 to Dec. 31 to accept their revised policy or switch to a new one. Except, oops, five companies serving a total of 250,000 Medicare beneficiaries nationwide didn't get the official notice of their changes out by the Oct. 31 deadline; some weren't mailed until mid-December. The companies that were late to the mailbox included Anthem, ElderHealth, Healthnet, Torchmark and United Health, according to Jack Cheevers, spokesman for the San Francisco region's Centers for Medicare and Medicaid. "I'm sure they all had different problems and different degrees of lateness," Cheevers says. One company reported a fire at its printing plant, Cheevers adds, and another discovered errors after the documents were printed and had to start over. There will be no penalties imposed on the companies, but they're required to extend their open enrollment period (allowing recipients to switch plans) until March 15. The companies had until Jan. 5 to mail notices of this change to their policyholders. Let's hope they made it to the post office this time around.