

Are you being offered health insurance that sounds too good to be true?

As health insurance premiums rise, consumers and employers are forced to look harder to find affordable health care coverage. The rising costs of traditional health insurance has led to the emergence of many new companies that are marketing products which they call “health care benefits”. These companies sometimes offer what appear to be much lower premiums and they often offer coverage to people with serious pre-existing health conditions that other companies may not insure.

Some of these companies claiming to offer health care benefits are not licensed by the North Carolina Department of Insurance. These unlicensed companies do not meet the financial solvency requirements the Department of Insurance requires for properly licensed insurance companies. If the company is unauthorized and unlicensed, no financial safety net exists if they become insolvent and their activities may even be illegal in North Carolina. Some of these new health care benefit plans are actually fraudulent schemes that merely collect premiums and then close down without paying claims.

Nationally, an epidemic of fraudulent and mismanaged health care benefit plans has taken millions of dollars in premiums only to shut down with thousands of consumers burdened with unpaid medical bills. **DON'T LET THIS HAPPEN TO YOU!**

When you shop for health insurance, you should obtain coverage only from a licensed insurer or HMO. Call the North Carolina Department of Insurance at **1-800-546-5664** to find out if the company you are considering is a licensed insurer or licensed HMO in this State.

There are ways to avoid questionable health care plans:

The simplest and most reliable way to avoid questionable health care benefit plans is to only deal with a company licensed by the North Carolina Department of Insurance to do business as a health insurer or HMO in North Carolina.

If you determine that a plan is not offered by a licensed insurer or licensed HMO, please understand that certain state law protections will not apply to the plan. Also, understand that you are entering a confusing area in which plans often claim to be subject only to federal law and may claim not to be insurance. Bogus health plans often exploit the confusion caused by the complex federal law entitled **Employee Retirement Income Security Act (ERISA)** to escape detection. This is an area where a consumer needs to be especially cautious. In the event you are willing to consider giving up the valuable state law protections that come from dealing with a licensed insurer or licensed HMO, the following are just a few questions you should ask before enrolling in a purported *ERISA* plan:

If the entity claims to be exempt from state insurance regulation under ERISA, can the entity provide a written certificate or document issued by the U.S. Department of Labor (USDOL), in which the Secretary of Labor explicitly and specifically finds that the entity is exclusively subject to the jurisdiction of the USDOL? The mere fact that the entity may have filed documents with the USDOL does not mean the USDOL approves of this entity.

Does the “ERISA” entity rely on a North Carolina Secretary of State Certificate of Authority as evidence that it is authorized to do business in North Carolina? Such a certificate simply indicates that the entity is registered with the Secretary of State. The Department of Insurance is the only state agency that can issue a certificate of authority or license to conduct insurance business in this state.

Does the “ERISA” entity require you to join a union or association in order to obtain health benefits? While it is entirely possible to form a valid union or association health benefit plan under ERISA, some health benefit plans merely pose as union plans or association plans to attempt to pass themselves off as ERISA plans.

Does the “ERISA” entity’s health plan claim to be pursuant to a collective bargaining agreement and exempt from state regulations under ERISA? If so, please note that the use of commissioned sales agents to sell such a plan is an indication that the arrangement may not be the result of bona fide collective bargaining and may not be a legitimate ERISA plan.

Does the “ERISA” entity offer a health benefit plan that covers the employees of multiple employers and is not fully insured by a licensed company?

Does the “ERISA” health plan target small groups with pre-existing conditions that make it difficult to find other coverage?

Does the “ERISA” health plan require little or no employee participation?

Does the “ERISA” health plan require little or no employer contribution?

Is the “ERISA” health plan premium pricing substantially lower than most market rates for comparable benefit packages?

Does the “ERISA” health plan offer unusually generous benefits, co-pays and/or access to out-of-network providers?

Affirmative responses to any of the foregoing questions should raise concerns that merit further investigation and analysis prior to purchasing a product which claims to be an ERISA plan. If you are at all unsure of an unlicensed arrangement, or do not have a detailed and complete understanding of the arrangement and the applicable law, you should consult your own independent attorney before enrolling yourself or your employees in such a plan.

The simplest way to avoid questionable health benefit companies or plans is to purchase health benefits coverage only from an insurance company or HMO licensed in this State. Call the North Carolina Department of Insurance at **1-800-546-5664** to find out if the health benefit company you are considering is a licensed insurer or licensed HMO.

Do yourself and your employees a favor by thoroughly checking out potential health benefit plans before you sign up. You just might save someone’s future... maybe your own.

Remember the old phrase: ***“If it sounds too good to be true, it probably is!”***