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 1-866-444-3272 or at www.askebsa.dol.gov to report problems.