

Beneficiaries: Beware of Medicare Part D Scams

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Many beneficiaries have enrolled in the Medicare Part D drug prescription plan that became effective January 1, 2006. Many are saving money on their prescription drugs. There were 57 stand-alone plans to choose from in New Jersey during the most recent open enrollment period of November 15 through December 31, 2007. While this made for a difficult decision about changing plans, it does show that there is significant competition among Part D plans. As a result, premium costs have been lower than originally anticipated. Many Medicare beneficiaries who never had prescription drug coverage before are truly benefiting.

Even so, there are issues relating to Part D that beneficiaries should be aware of. According to the Department of Health and Human Services, unsavory individuals have targeted vulnerable adults nationwide, preying on concerns about making the correct choice on their prescription drug coverage. Reports of Medicare drug plan-related scams have been received from individuals all across the country.

In one scam, callers identify themselves as representing a seemingly legitimate organization. Nonexistent groups go under such names as “Pharmabay,” “Pharma Corp” or “Pharma Express,” “National Medicare Office,” or “National Medical Office.” The caller addresses the beneficiary by name, identifies their bank and their doctor’s name. In many cases, the caller already knows the beneficiary’s social security number. This ruse helps reinforce the notion that the caller is legitimate.

Typically, the caller offers to “help” the individual by making the Medicare Part D process easier, simplifying choices or helping to access benefits or save money. Then the caller asks for more personal information from the individual, such as their banking information or credit card number.

In this scam, referred to as the “299 gang,” the caller usually explains that there is a one-time fee, anywhere from \$299 to \$399, which will ensure that the premiums will be paid for several years or for their lifetime. Callers can be very persuasive, even aggressive, in their attempts to convince individuals that they must provide the requested information.

These scams are continuing even though the enrollment period has passed for the year 2007. In some cases callers contact a beneficiary noting that he or she must renew their Medicare Part D insurance cards or risk losing not only Part D coverage but also Medicare A and B coverage.

Beneficiaries must remember that legitimate Medicare drug plans will not ask for payment over the telephone or Internet. Medicare, Medicaid and the Social Security Administration will never call a beneficiary on the telephone. A beneficiary who receives such a call should never provide any

information, but should instead hang up and file a complaint with Medicare (1-800-MEDICARE) or the SMP of New Jersey (732-777-1940).

Another type of scam is “short pilling.” Beneficiaries should always count their pills, whether received directly from the pharmacist or by mail order. While mistakes can happen, if they occur two or three times, it is more likely to concern “short pilling” than legitimate mistakes.

Sometimes, beneficiaries themselves may be involved in promoting scams. Beneficiaries must not let others use their Part D cards to obtain prescription drugs. They should not obtain drugs for others who are willing to pay for the drugs, many of which can be sold for profit on the black market. Such misuse of Part D coverage only increases the costs for all Part D participants and all taxpayers.

Marketing tactics can also be of concern when it comes to Part D enrollment. A beneficiary may believe he is enrolling in a stand-alone Part D plan when, in fact, an unscrupulous sales person is enrolling the beneficiary in a Medicare Advantage Plan. The incentive for the sales person is the receipt of a higher commission for such an enrollment since Medicare heavily subsidizes the Medicare Advantage plan. Unfortunately, the beneficiary will not notice the change until he is advised that his doctor is not in the network of the plan he was falsely enrolled in. By this time, the beneficiary has now also lost his original Medicare coverage and must spend a great deal of time and effort to reverse this enrollment.

We, at the SMP of New Jersey (Empowering Seniors to Prevent Healthcare Fraud), are working tirelessly to provide education and assistance to consumers on identifying, reporting and preventing Medicare and Medicaid fraud, waste and abuse. But, we need your help. If you suspect fraud, waste or abuse, first call the provider to see if it can be corrected. If the complaint is not settled to your satisfaction, make a complaint to Medicare or to the SMP of New Jersey. All taxpayers have a stake in reducing the cost of fraud, waste and abuse in Medicare because as taxpayers we pay for these programs. By reducing fraud, waste and abuse, we can keep Medicare premiums from increasing beyond the ability of many older adults to pay for them.