



# NEWS from U.S. Senator Bob Dole

(R.—Kans.)

New Senate Office Building, Washington, D.C. 20510 (202) 224-6521

FOR IMMEDIATE RELEASE  
THURSDAY, FEBRUARY 9, 1979

CONTACT: BOB WAITE, BILL KATS  
202-224-8953, 224-8947

## DOLE INTRODUCES LEGISLATION TO STEM FRAUD IN INSURANCE SALES TO ELDERLY

WASHINGTON -- Sen. Bob Dole (R-Kan.), along with Sen. Lawton Chiles (D-Fla.), today introduced legislation designed to protect the elderly from fraud and abusive practices connected with the sale of supplementary health insurance, commonly referred to as "Medigap" plans.

At present, Medicare pays only 38 percent of the total health care costs of the elderly. In addition to Medicare deductibles and co-insurance, the elderly are required to pay for many types of services that are not re-imbursable under the Medicare program. Examples of such services are: out-patient drugs, eyeglasses, hearing aids, dental care, and most importantly, certain types of long-term care. Because of these gaps in coverage, many seek out supplementary health care insurance plans to protect against the costs of health care services.

In hearings held by the Senate Special Committee on Aging and in investigations by the Federal Trade Commission into the private health insurance market to supplement Medicare, many unscrupulous and questionable practices came to light. The FTC documented: "unscrupulous agents selling door-to-door or mail order advertisements often mislead or frighten them (the elderly) into 'loading up' on two or more policies or replacing policies each year -- a practice known as 'twisting.' When they file claims, many of them find that coverage they thought would fill all the gaps in Medicare falls short of their expectations. Most supplemental policies would not pay for pre-existing conditions or the major gaps in Medicare, such as nursing home care, excess provider charges, and prescription drugs."

"Our legislation requires studies and recommendations from the Department of Health, Education and Welfare and the Federal Trade Commission with respect to health insurance sold as a supplement to Medicare," Dole said. "The legislation also contains a penalty provision for certain sales practices found to be misleading or abusive. One of the most important responsibilities given to the federal government in this legislation will be the development of understandable and complete information on the Medicare program for the elderly.

"We have a responsibility to the elderly in our communities to protect them against the type of abusive practices that have come to light with respect to the sale of supplementary health insurance."