

Medical Billing Scams

The ad looked like the perfect set up for a Cloverdale, Indiana, man!

- He could earn good money working at home while caring for his three children and sick wife.
- He called a toll-free number and heard that for \$377, he would get everything he needed to launch a lucrative medical billing business from home, including software and the names of doctors who wanted the service.
- If he wasn't completely satisfied, he could return the package within 30 days for a full refund.

As it turned out, this consumer wasn't satisfied. And he isn't the only one. The Federal Trade Commission (FTC) has received hundreds of complaints from consumers about medical-billing opportunities whose promoters have advertised far more than they've delivered.

In one case, the promoter claimed that for \$325 to \$495, consumers could make as much as \$50,000 a year running a medical-billing business from home. As the FTC alleged, most consumers didn't earn a dime.

Buyer Beware

Fraudulent medical billing business opportunities are a type of work at home scheme advertised on the Internet. The ads often use language such as:

- "Earn \$\$\$ helping doctors"
- "Process medical claims from home!"
- "\$20-\$40/hour potential."
- "Computer & modem required. We train."

The ads may lure consumers with promises of substantial income for full or part time work with "no experience required." A toll-free number directs consumers to call for more information.

When they call, a high-pressure sales pitch promises big bucks for a relatively small investment. "But the chances of making the money claimed are slim to none," says Katherine Romano Schnack, an attorney in the FTC's Midwest region. "Newcomers to the medical-billing market, especially those with no experience and no contacts in the medical field, face fierce competition."

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Once consumers pay, "...all they get is an out-of-date database of doctors who haven't asked for medical billing services, a sample letter to use to find their own clients and a money back guarantee that's barely worth the paper it's written on," Schnack explains.

"Only a few people ever get a refund, and then it's after repeated phone calls to the company or complaints to their credit card companies or government agencies and consumer groups."

Protect Yourself

If you're interested in buying a medical-billing business opportunity, the FTC offers this advice:

- Ask the promoter to give you the names of many or all previous purchasers. Pick and choose whom to call. Interview these references in person and ask for names of their clients and a description of their operations. If the promoter provides only a few references, be wary. The promoter may be serving up shills -- people paid to endorse the program.
- Consult with medical-claims processing organizations or medical-billing businesses as well as local doctors.
- Ask about the medical billing field
- What's the demand for this type of work?
- How much work does it entail?
- What training is required?
- Do they know anything about the promotion or promoter you're considering?
- If the medical billing promoter sells another company's software, check with the software vendor to find out whether it knows of any problems with the promoter.
- Check with the state attorney general's office, consumer protection agency and the Better Business Bureau in your area and the area where the promoter is based to learn whether any unresolved complaints about the business opportunity or the promoter are on file. Be aware, however, that no complaints doesn't necessarily mean the company is legitimate.
- Consult an attorney, accountant or other business advisor before signing any agreement or paying any money.

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"Because there are so many fraudulent operators out there, it's critical that consumers interested in work-at-home opportunities keep their eyes wide open and their wallets shut tight until they're absolutely sure of what they're getting for their money," Schnack says.

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