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Consumer advocates seek new rules on deceptive health marketing

By Chad Terhune

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As consumer advocates celebrate the early benefits of the federal healthcare law near its two-year anniversary, they are also warning about the need to crack down on the potential for deceptive marketing related to reform.

State Sen. Ted Lieu (D-Torrance) said he is seeking legislation to strengthen consumer protections on health plan marketing and to close gaps that exist in state law on the review of marketing materials.

Patient advocates say they're worried unscrupulous companies and salespeople will use the massive federal expansion of health coverage to enroll the uninsured in substandard plans that don't offer comprehensive benefits or a full network of medical providers.

Lieu said he's concerned about companies preying on consumers, particularly those with poor literacy skills, with false information about penalties under the healthcare law if they don't enroll immediately. Consumers could mistakenly purchase a limited policy that only covers cancer, for instance. "People may not know what they're getting into," Lieu said.

Sarah Mercer, director of government affairs at the California Pan-Ethnic Health Network in Oakland, said her group supports the legislation in hopes it can help avoid similar problems that occurred when patients were shifted to Medi-Cal managed-care plans in the 1990s. One common tactic then was for an agent to pitch a health plan in Spanish but only provide written materials about the benefits in English, she said.

"There was a great deal of deceptive marketing then to steer people into certain programs that didn't cover their needs," she said. "We anticipate this will happen again."

Health Access California, a consumer advocacy group, issued a report Tuesday quantifying some of the early benefits for Californians from the Affordable Care Act. For instance, the report said 6.2 million policyholders in the state can now receive preventive care without cost-sharing and more than 355,000 young adults are now insured on their parents' health policy.

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Anthony Wright, executive director of Health Access, said he's concerned about "scammers" trying to keep Californians from reaping the full benefits of the federal overhaul.

Meantime, the U.S. Supreme Court is scheduled to hear a constitutional challenge to the federal healthcare law starting Monday, focusing on the mandate for individuals to purchase medical coverage.

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