

Nancy Humphreys' statement for July 21, 2005 Press Conference

My name is Nancy Humphreys. I live in California, and I am a writer. I have three Master's degrees; in English, Economics and Library Science. My professional association bought health insurance for me from Employers Mutual LLC. They left me with \$110,000 in medical bills. I am a survivor of a health insurance scam.

This story starts in 1999, when I joined the National Writers Union, an association for journalists and writers. I researched my options and I decided to enroll in the NWU's health insurance provided by Aetna. The NWU is headquartered in New York City, but they also had an office where I lived.

The broker for the Aetna policy was CSS. I signed up for the insurance with CSS (Customer Services Solution) in Michigan, a broker that offered coverage to several unions and guilds of creative workers. Two years later, CSS sent a letter just before it was time to renew my health insurance and said Aetna was too expensive. They were looking for another insurer.

Next, CSS sent a letter to NWU health insurance members saying we now had a new insurer, a company rated A+ by A.M. Best, but they did not say who the insurance company was. This made me uneasy.

In July 2001, I received a packet from a group called the American Benefits Society (ABS) in New Jersey. I had a coverage booklet, identification card and numerous brochures. To my surprise I learned I belonged to the American Association of Educators, a group that I had never heard of. As a former librarian, I was quite familiar with the two major unions for educators, the NEA and the AFT, but not this group.

I was also signed up for two vision care plans with VSP, a mail order pharmacy, a dental discount service, and numerous hotel and auto rental discounts. The packet was overwhelming. Even after looking it all over I was still not sure whether Employers Mutual, LLC or the American Benefit Society was my new health insurance company. However, the letter in the packet from the American Benefit Society was signed by my broker at CSS, so I felt reassured.

Three weeks into being covered by Employers Mutual LLC I went to the emergency room with excruciating stomach pain. Doctors could not determine what was wrong with me. After multiple tests and a week in the hospital, they opened me up to find out what was wrong.

On the operating table, they discovered my appendix had ruptured before coming to the hospital. The complications and the surgery forced me to stay in the hospital another week. It took me a month to recover at home. The day I first sat at my computer again was September 11, 2001.

Two months after my release from the hospital I received my first notice from a collection agency. I was stunned. I sent them a letter telling them how they could reach my insurance company. They replied with a second demand.

Then I began to receive other letters. Nearly every professional who worked at the hospital where I was healed was an independent contractor. All of them were calling and writing me demanding payment.

When I called CSS, I was assured there was a slight problem because Employers Mutual, LLC, my new insurance company had fired its administrators, Sierra Administration, located in Nevada. My bills would be paid in ten days, CSS promised.

I went online and searched the A.M Best web site. The only Employers Mutual listed there was a worker's compensation insurance company. Then I went to a web site used by librarians and looked up Employers Mutual, LLC. There I learned that Employers Mutual, LLC

was under a cease and desist business order in Florida. I did not know what that meant, but it did not sound good!

Frantic with worry about how much I might ultimately owe, I went to see my doctor and then over to the hospital business office. There I discovered the hospital bill was over \$100,000 because Sierra Administration had authorized all charges made by the hospital. Nothing had been negotiated downwards, as usually is the case with an insurance company.

The NWU national office referred me back to its broker; CSS kept saying my bills would be paid in ten days. The brokers gave me a new phone number to call each time I complained. In all I was given 20 local phone numbers in California and Nevada.

I thought it was very odd there was no 800 number for the insurance company and even stranger that the numbers led only to voicemail that rolled over from one phone number to another, sometimes coming in a circle back to the first number.

When I called the NWU national office again, I was informed by the person there that the state of Texas had issued a cease and desist order against Employers Mutual, but the NWU staff member reassured me there were “all kinds of cease and desist orders.” He told me the President of the NWU wasn’t worried.

I was worried, however. A month had passed and I was getting nastier and nastier letters. At least eight different providers were after me for payment.

I could not pay these bills. I had been pretty healthy all my life. The hospitalization was the only time I had a major illness. I was not uninsured. I had paid my premiums for health insurance. Even as I received collection agency notices, I still expected that Employers’ Mutual would pay the bills. After all, I had paid premiums for the insurance.

After weeks of trying to find out what happened, I became more desperate. I was afraid that if the hospital and others came after me for these bills, I would lose my home and my savings. I felt like my world was falling apart.

I called the State of California first and couldn’t get much help. I began calling insurance investigators in other states. I also called the local Bay Area NWU office. The union leader there put me put in touch with other NWU members in California. I created a discussion group on Yahoo, and together a group of about twenty members across the country started looking for answers about what was happening to us.

From Chris Orr, the terrific chief insurance investigator for the state of Texas, I learned how insurance fraud works. I learned also that he was bringing suit against Employers Mutual, LLC. I asked if I could join it. Chris replied it was only for Texas residents, but he referred me to someone in San Francisco who might help me.

The person in San Francisco told me there was a suit in Nevada against Employers Mutual. He gave me the name and number of the chief insurance investigator in the state of Nevada. From the chief insurance investigator of Nevada, Ben Gillard, I learned Employers Mutual had been issued two cease and desist orders even before the National Writers Union signed up for its insurance. Now Nevada was suing Employers Mutual and American Benefits Society. Could I join his lawsuit? Yes, he said, Nevada law was written to cover insurance sold from the state and to customers in other states.

By this time several states were issuing cease and desist orders against Employers Mutual, LLC. This included Oklahoma. The national NWU and its advisor from another union had just claimed that Oklahoma was going to license Employers Mutual, LLC to do business there within ten days.

When I emailed the national NWU and pointed out that the chief insurance investigator of Oklahoma called Employers Mutual a “pack of rascals” he didn’t want in his state, I received

no answer. The NWU and its brokers were still reassuring people that bills would be paid by Employers Mutual, LLC.

In fact, millions of dollars of medical provider bills were not paid by Employers Mutual, LLC. Members of the NWU began contacting colleagues in the news media to get the story out there to warn others. We gave interviews to newspapers, radio and network television. Other members contacted regulatory organizations in New York State, Michigan, New Jersey and elsewhere trying to get investigations of Employers Mutual, LLC.

The FBI and the postal service were contacted as well—but they said they had their hands full with terrorism and anthrax. Some members wrote to Congressional representatives persons. Most got no answer or a referral back to our states. From Ben Gillard in Nevada I learned that while Employers Mutual, LLC had incorporated in Nevada, all investigators found was an office with an empty desk and chair. In reality the company was operating from California. Only the administrator, Sierra Administration (the group that had been fired according to our broker), was actually located in Nevada and could be shut down by the state.

The day in mid-December 2001 I was scheduled to testify for the State of Nevada trial against the creators of Employers Mutual, LLC, I never received a phone call. The next day I was told the federal Department of Labor had taken over the case because the Employers' Mutual fraud was so widespread. Tens of thousands of people had thought they had health insurance when they did not.

A month later the case was heard in Federal Court in Reno and a temporary injunction was issued to stop providers from issuing collection demands to those of us who had bought Employers Mutual insurance. We were instructed to send all bills to the court appointed Receiver now in charge of Employers Mutual, LLC. The Receiver assured me that it was most likely they would pay pennies on the dollar to providers. I felt very badly about this. My providers literally saved my life.

I am very fortunate that I have not had to pay \$110,000 that Employers Mutual should have paid. This is because a federal judge ordered providers to wait until the receiver has had a chance to find assets to pay outstanding bills. I know that many people caught in health insurance scams have had to pay providers and were financially ruined.

Some NWU members felt like suing the union for what had happened, but quickly realized that would have meant suing other members. In addition, like most nonprofit organizations the NWU did not have the money.

I was happy to hear a couple years later that the American Benefits Society and many insurance brokers who sold the plan were being sued by the federal government in order to raise funds to pay all of our providers. I was even happier to hear this year that the main perpetrators of the Employers Mutual, LLC debacle were charged with mail fraud.

Nevertheless, justice was tortuously slow and inadequate. I spent over a year after the injunction was issued calling and writing countless letters to get collection agencies to stop dunning me. My sense of frustration with all of the institutions I thought would be there to protect me as a law abiding citizen remains with me yet.

Most, of all, I felt utterly betrayed after September 11th. While everyone else was celebrating our unity, I was shocked by the fact that some Americans were doing unthinkable damage to other Americans.

We insist that government should protect us from threats coming from abroad. Surely we deserve the same protection from threats coming from inside this country. Few things are more threatening to the health and security of Americans than health insurance fraud.