
ftc consumer feature

Bureau of Consumer Protection

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Medical Billing Opportunities: Not What the Doctor Ordered

*“Earn \$\$\$ helping Doctors. Process medical claims from home.”
“\$20-\$40/hour potential. Computer & modem required. We train.”*

The classified ad looked like the perfect setup for a Cloverdale, Ind., 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 a software program 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 hasn't been 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 of the consumers didn't earn a dime.

During the past three years, the FTC has filed more than eight cases against medical billing scams. Yet, as quickly as these companies are put out of business, others appear to take their place, says Katherine Romano Schnack, an attorney in the FTC's Midwest Region. In a surf of websites and print advertisements by the FTC and the Better Business Bureau in summer 2001, investigators found more than 500 promotions for medical billing opportunities, many of dubious value.

Fraudulent medical billing business opportunities are a type of work-at-home scheme advertised on the Internet and the classified sections of local newspapers and “giveaway” shopper's guides. In the “Help-Wanted” classified sections, the ads often appear alongside legitimate ads for hospital medical claims processors, leading consumers who respond to think they're applying for a job. “Consumers don't realize what they're getting into,” Schnack says.

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, they get a high-pressure sales pitch that promises big bucks for a relatively small investment. “But the chances of making the money claimed are slim to none,” Schnack says. “Newcomers to the medical billing market — especially those with no experience and no contacts in the medical field — face fierce competition.”

And the programs do little to help consumers succeed. Once consumers pay, Schnack says, “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. 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.”

For consumers interested in buying a medical billing business opportunity, the FTC offers this advice:

- Talk to other people who have bought into the program. Ask the promoter to give you the names of many or all previous purchasers. Then you pick and choose whom to call. Interview these references in person and ask for the names of their clients and a description of their operations. If the promoter wants to provide only a few references, be wary. The promoter may be serving up “shills” — people who are paid to endorse the program.
- Consult with organizations for medical claims processors or medical billing businesses and with local doctors. Ask them about the medical billing field: How much of a need is there for this type of work? How much work does medical billing entail? What kind of training is required? Do they know anything about the promotion or promoter you’re interested in?
- If the medical billing opportunity sells another company’s software, check with the software company to find out whether company representatives know of any problems with the medical billing 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 the absence of 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.

Says Schnack, “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.”

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, call toll-free, 1-877-FTC-HELP (1-877-382-4357), or use the complaint form at www.ftc.gov. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

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