

WISER/NAPSA: *Just The Facts* *About Senior Financial Abuse*

Healthcare Scams and Other Common Types of Fraud



Introduction

Senior financial abuse scams are a multi-billion dollar "industry." The victims of these scams are not only older people, but also their families, their financial institutions, taxpayers and all who provide services and financial assistance to the victims. Many consider these financial scams as the crime of the 21st Century. According to a 2011 study by the MetLife Mature Market Institute, the estimated annual financial loss from Senior financial abuse was 2.9 billion dollars, based just on the cases which made it into the media. The study does not include pain and suffering, nor the tens of billions spent on indirect costs for medical care, social services, legal costs, or losses in income and assets.

Older adults control the majority of wealth in the country, but all seniors regardless of income are at risk. Abuse may be perpetuated by anyone - a professional con artist, paid caregiver, stranger or casual acquaintance, or even a son, daughter, or other family member.

The following factors contribute to the prevalence of senior financial abuse:

- A high percentage of seniors live alone and may be more vulnerable to scams.
- Seniors may be more trusting, believing the "pitches" they hear, and may have trouble spotting fraud.
- Seniors have a relatively high net worth.
- The population of seniors is increasing, providing a continuous source of wealth for financial abusers.

We can help to eliminate this abuse by finding the most effective ways to prevent and respond to the problem. Education and awareness are two key strategies. This fact sheet looks at healthcare scams and other common types of fraud, and provides resources to keep seniors from falling victim to these financial traps.

Healthcare Scams and Other Common Types of Fraud

Scammers and con artists are always coming up with new ways to try and rob seniors of their money and other assets. It can be hard to keep up with the latest scams going around, but here is a list of some common scams you should know about.

Educate yourself and others about these scams and swindles

Affordable Care Act Scams

The new health care law, the Affordable Care Act is being used as a new hook by scammers to contact seniors. The scammers falsely present themselves as government officials looking to verify personal information. They might have the routing number from your bank, and then use that information to get you to reveal the entire account number, or they'll ask for your credit card or Social Security number, Medicare ID, or other personal information. Scammers then divert funds from banking accounts and make unauthorized credit card purchases and/or they use the information to commit Identity Theft.

Medicare Fraud

Since every U.S. citizen or permanent resident over age 65 is eligible for Medicare, seniors are an easy target to receive unnecessary medical services which the scammers bill to Medicare. Scammers will often use a senior's Medicare number to submit bills for services never provided. Sometimes, scammers entice seniors to pay for fraudulent medical services which "Medicare will pay you back for."

Counterfeit Prescription Drugs

Seniors often use the internet to look for better prices on prescription drugs. An increasing number of prescription drug scammers will provide fraudulent drugs for a "special low price." By securing the credit card numbers, scammers may continue to charge and bill seniors for subsequent "purchases" they did not initiate. Many seniors are unaware of what they are being billed for and will continue to pay the charges.

Telemarketing Schemes

Phony telemarketing schemes are the most prevalent scams. Seniors are enticed to purchase products or services which are never delivered, and credit card fraud is likely. Schemers may share contact information with other scammers, and the senior is victimized again.

Homeowner/Reverse Mortgage Scams

Reverse mortgage predators present themselves as "financial experts" offering "easy, pre-approved, fast" approval of reverse mortgages for upfront fees. Preying on a senior's financial insecurity, seniors are coerced into signing fraudulent or confusing documents.

Internet Fraud

In addition to internet scams related to fraudulent purchases, internet scams that entice seniors into purchasing and downloading fake anti-virus programs have increased. This allows a virus program to open in the senior's software programs, providing scammers with personal information, including bank account and credit card numbers. Scammers then divert funds or, more often, make unauthorized credit card purchases.

Investment Schemes

Seniors of all income ranges have long been the target of investment schemes. These can be done by scrupulous professional investors who are supposed to act in their clients best interest, but don't. Or it can be done by con artists claiming to be the "Nigerian prince" or some other wealthy foreigner who claims to need your bank account number to transfer millions of dollars into your banking account.



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The Grandparent Scam

A particularly devious tactic, scammers will call a senior with an opening line “Grandma, do you know who this is?” If the senior provides the name of a grandchild, the scammer, having established a fake identity, asks for money to be sent via Western Union or Money Gram (which may not require identification) to take care of a money problem. The scammer tells the senior to “please don’t tell my parents; keep this between you and me.”

Sweepstakes and Lottery Scams

A widely practiced form of telemarketing fraud, scammers tell seniors that they have won a lottery or sweepstakes. The catch is that the senior must make a small payment to receive the alleged prize. Seniors then receive a check back from the scammer, which will “bounce.”

Social Security Scams

In a scam targeting seniors and the disabled, identity thieves are getting a hold of personal information—like a full name and bank account number—and contacting the Social Security to request payments be re-routed to their own bank accounts. If you suspect fraud, go to <http://oig.ssa.gov/report-fraud-waste-or-abuse>.

Funeral and Cemetery Scams

Preying on seniors at a very emotional time, scammers may read obituaries and contact the grieving widow or widower claiming the deceased had an outstanding debt with them. While rare, some untrustworthy funeral homes may add unnecessary charges to the costs of funeral services.



ADDITIONAL HELPFUL RESOURCES

Many public agencies are involved in preventing and detecting senior abuse and in prosecuting those who commit it. Many organizations are also dedicated to educating seniors on these topics:

- **National Council on Aging** www.ncoa.org
For trusted information on reverse mortgages and home equity loans.
- **Consumer Financial Protection Bureau’s Office of Older Americans** www.consumerfinance.gov/older-americans
Has resources to help protect seniors’ financial assets.
- **Women’s Institute for a Secure Retirement (WISER)** www.wiserwomen.org
WISER and the National Council on Aging developed a comprehensive information and resource guide, *Savvy Saving Seniors: Steps to Avoiding Scams*. An online toolkit with presentation and leader’s guide is also available for individuals and organizations who want to educate seniors on this important topic.
- **Coalition Against Insurance Fraud** www.insurancefraud.org
Has a comprehensive list of “Scam Alerts” to help keep track of widely-used insurance scams, offers advice on spotting the warning signs, and how to report scammers.
- **U.S. Administration on Aging** www.aoa.gov
Has information on the *Home Equity Conversion Mortgage (HECM)* and the *Role of the Aging Network*, which provides guidance for working with older borrowers and helping them to understand their mortgage situation so they can avoid defaulting on payments or potentially losing their home.

Administration on Aging Resource Centers partner to provide valuable information to seniors, caregivers, families and communities across the nation.



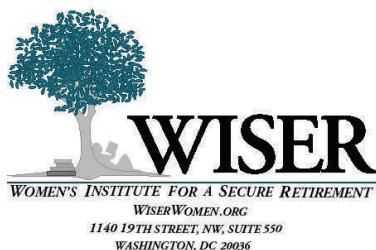
National Education and Resource Center on Women and Retirement

The Women's Institute for a Secure Retirement (WISER), in partnership with the Administration on Aging, operates the National Education and Resource Center on Women and Retirement Planning to provide user-friendly financial education and retirement planning tools for low-income women, women of color and women with limited English-speaking proficiency. WISER's mission is to inform women about the issues that affect their long-term financial security and to stress the importance of taking an active role in planning for their retirement. The Center specially tailors educational financial tools and information to meet the needs of the target population. Through the Center's one-stop-gateway, women have access to comprehensive, easily understood information that allows them opportunities to plan for income during retirement and to plan for long term care as they need it.



National Adult Protective Services Resource Center

NAPSA, in partnership with the Administration on Aging, has established the first ever National Adult Protective Services Resource Center (NAPSRC). The Resource Center serves professionals from Adult Protective Services (APS) agencies across the United States. The goal of the Resource Center is to provide federal, state and local APS agencies with current, accurate, research-based information and training, along with technical assistance to improve their capacity to provide effective protective services to vulnerable and elder adult abuse victims.



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The National Adult Protective Services Resource Center (NAPSRC) is a project (Grant No. 90ER0002/01) of the U.S. Administration on Aging, U.S. Department of Health and Human Services (DHHS), administered by the National Adult Protective Services Association (NAPSA). Grantees carrying out projects under government sponsorship are encouraged to express freely their findings and conclusions.