

## Introduction

This guide provides information to consumers about Discount Health Plans.

The term *Discount Health Plan* (Plan) refers to a type of “buyer’s club” that specifically markets reduced-rate health care services. These Plans typically charge a monthly membership fee in exchange for a list of health care professionals who will provide services at a discounted rate to members.

Plans may be marketed to consumers as one way to save money on various medical services, such as medical, dental and vision care, as well as pharmacy and/or chiropractic services.

Discount Health Plans, as identified above, are not considered insurance.

**The Colorado Division of Insurance does not regulate Discount Health Plans. However, if a program *guarantees* health care services, it is not a Discount Health Plan and it may be regulated by the Colorado Division of Insurance.**

## How Discount Health Plans Work

Discount Health Plans contract with individuals, firms or companies to provide services on a discounted basis to enrolled Plan members.

When a Plan member uses one of the contracted providers for a service covered by the Plan, he or she should be charged a discounted rate for the service. The amount of the discount may vary by provider and by the type of service received.

## Buying Discount Health Plans on the Internet

Discount Health Plans are often sold directly to consumers over the Internet. If purchasing online, make sure the website is secure and review the company’s privacy policies.

## Purchasing Tips

- ✓ Read all promotional material carefully. If it seems too good to be true, it probably is.
- ✓ Understand the discounts being offered.
- ✓ Savings should exceed membership costs.
- ✓ Understand which providers contract with the Plan and determine that they are in convenient locations for your use.
- ✓ Ask what happens if you move or if you need services while you are traveling.
- ✓ Know what you are buying before you sign any forms. Do not give out bank or credit card information until you decide to make a purchase.
- ✓ Ask if the Discount Health Plan has contracts in effect with all the health care providers it has identified.
- ✓ Verify with the health care providers you plan to use that they are participating in the Discount Health Plan.
- ✓ Inquire about payment rules. With some Plans the consumer is required to pay for discounted services at the time of service and sometimes in cash.
- ✓ Seniors should be especially cautious when considering one of these Plans. Some providers may not honor advertised discounts below scheduled Medicare rates.
- ✓ Be wary of Discount Health Plans offering “long-term care” discount options. These Plans are not a substitute for long-term care insurance.
- ✓ Ask about additional costs, such as administrative fees, that may be associated with the Discount Health Plan.
- ✓ Ask about the Plan’s cancellation and refund policies.
- ✓ Always keep the telephone number and address for the Discount Health Plan, along with copies of all documents that you have submitted to the Plan.

**Discount Health Plans  
are not  
a substitute for insurance.**

## Potential Problems

- ✓ Discount Health Plans do not qualify as “creditable health insurance coverage.” This means that if you drop your health insurance after purchasing a Discount Health Plan and later decide to purchase health insurance again, your new insurance may not cover preexisting conditions.
- ✓ Review your Plan carefully. Companies selling Discount Health Plans may not guarantee advertised services.
- ✓ Some Discount Health Plan provider lists may not be current. Contact providers to make sure they honor the Plan.
- ✓ Some Discount Health Plans may not be discounted as advertised. Hidden fees, such as administrative fees for each use of the card, may reduce or effectively erase the advertised discount.
- ✓ Make sure the discounts available exceed the cost of membership.
- ✓ Be aware that certain consumer protections afforded to buyers of insurance are not provided to people buying Discount Health Plans. For example, Discount Health Plan members are not covered by the state guarantee funds law that protects consumers in the event an insurance company fails. Some lines of insurance, such as managed care plans, also require insurance companies to guarantee access to health care providers, a guarantee not given to buyers of Discount Health Plans.

## Important Questions to Ask Before Purchasing a Discount Health Plan:

- ✓ What guarantees do I have as part of this Plan? For example, does the Plan guarantee access to health care providers or a minimum discount for the provided services?
- ✓ Will the Discount Health Plan provide information to allow me to contact current Plan members to determine whether they are satisfied with the Plan?
- ✓ Will I receive regular statements outlining my savings?
- ✓ Will I be required to prepay for services?
- ✓ Will I receive discounts for services received in emergency situations or while traveling?
- ✓ Do health care services have to be preauthorized?
- ✓ Is the membership fee refundable if I cancel the membership at any time?
- ✓ What do I have to do to cancel my membership?
- ✓ Can I pay the fee monthly rather than on an annual basis?
- ✓ Does the Plan have a 24-hour customer service line? If not, during what hours can I call for assistance?
- ✓ What privacy protections are provided by the Discount Health Plan? Who is allowed to access the personal information that I have submitted?
- ✓ Does the Discount Health Plan share or sell my personal information with other companies when I become a member?

### Contact Information

To learn more about Discount Health Plans please contact:

- The Colorado Division of Insurance at 303-894-7490 in the Denver metro area or 1-800-930-3745 in other parts of the State.

To file a complaint about suspected fraudulent activity, contact:

- The Colorado Division of Insurance at 303-894-7490 in the Denver metro area or 1-800-930-3745 in other parts of the State; or
- The Colorado Attorney General's Office at 303-222-4444 in the Denver metro area and 1-800-222-4444 from other parts of the State; or
- Your local district attorney's office.

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# Discount Health Plans

## What Consumers Should Know About Discount Health Plans



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