

Important Questions to Ask Before Purchasing a Discount Health Plan or Medical Card

- ▶ What guarantees do I have as part of this Plan? Does the Plan *guarantee* access to health care providers or a minimum discount for the provided services?
- ▶ Will the Plan's discount be better than a cash discount? Will I be required to pre-pay services or pay at the time of service?
- ▶ Will I receive discounts for emergency services or when traveling? Do health care services have to be preauthorized?
- ▶ Will I receive regular statements outlining my savings? Can I pay the fee monthly rather than on an annual basis?
- ▶ What do I have to do to cancel my membership? If I do cancel, is the entire membership fee refundable?
- ▶ Does the Plan have a 24-hour customer service line? If not, during which hours can I call for assistance?
- ▶ What privacy protections are provided? 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?

Be sure you are dealing with a legitimate company and that you understand what you are buying.

The Price You May Pay



At best, Discount Health Plans and cards may offer some savings for healthy individuals who are looking for a "buyers club" for eyeglasses, prescriptions and visits to health care professionals.

Be aware that similar discounts may be available if you offer to pay in cash for the same services and health-related items, even if you are not a member of a Plan.

Medical Discount Plans charge a fee for a list of health care providers and sellers of health-related items who offer discounts to members of the Plan — but **Discount Health Plans are *not* health insurance.**

At worst, you could: lose coverage for pre-existing conditions, even when you purchase health insurance in the future;

be liable for most large health care bills;

discover that promised discounts have been exaggerated or do not exist;

compromise your health care if the providers and treatments you need are not included in the discount Plan;

or become a victim of fraud or identity theft. It is possible that unscrupulous companies could use personal information for their own gain, stealing your money, identity and financial information.

Consumer Protections Under Colorado Law

▶ Discount Health Plans and Medical Cards must disclose, when marketing, that the plans are ***not* insurance.**

▶ The Plan Administrator's name, address and telephone number must be provided.

▶ The provider listing must be updated semi-annually and made available upon request through a toll-free number.

▶ Discount Health Plans and Discount Medical Card Plans must provide a full refund if the consumer cancels within 30 days of purchase.



**Consumer protection
is our mission**

To learn more about Discount Health Plans and Discount Medical Cards, or obtain information about filing a complaint, call the

Colorado Division of Insurance

1560 Broadway, Suite 850
Denver, Colorado 80202
303.894.7499 Phone 303.894.7455 Fax
303.894.7490 Consumer Information
800.930.3745 Toll Free (outside Denver)
Email: insurance@dora.state.co.us
Web: www.dora.state.co.us/insurance

Discount Health Plans & Discount Medical Cards

*- what consumers
should know*



Colorado Division of Insurance



Dora
Department of Regulatory Agencies

Discount Health Plans & Discount Medical Cards

— what consumers should know

Consumers who are looking for ways to reduce the cost of health care may be tempted to purchase a Discount Health Plan or Discount Medical Plan instead of health insurance.

Using a Discount Plan instead of true health insurance will affect you on many levels. Please read the Plan's proposal carefully before choosing a Discount Plan instead of health insurance.

By giving up your health coverage, because you think you have found a better deal, you may actually have NO health coverage. You may expect some savings when visiting a health care provider, or get a discount on eyeglasses or prescriptions, but all of your medical bills will still be your responsibility.

What is a Discount Health Plan?

The term **Discount Health Plan** refers to a type of "buyers club" that specifically markets reduced-rate health care services. The Plan typically charges a membership fee in exchange for a list of health care professionals who will provide services at a discounted rate to members of the Plan. Plans may be marketed to consumers as a way to save money on various health services, such as medical, dental and vision care, as well as pharmacy and/or chiropractic services.

Discount Health Plans, as defined here, are not insurance.

How Discount Health Plans Work —

Discount Health Plans contract with health care providers to offer 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, and payment in full may be required at the time services are provided.

Will that be cash ... or cash? Inquire about payment rules. Be aware: some health care providers participate in a discount health plan only if consumers pay in full at the time of service. With some Plans, the consumer must pay for discounted services at the time of service *in cash*.

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 in the Plan.

Be sure you understand discounts being offered. Ask about any additional costs, including administrative fees, associated with the Plan.

Be sure your preferred doctor or other health professional is on the approved list—

Verify with the health care professionals you plan to use that they are participating in the Plan. Some Discount Health Plan provider lists may not be current. Contact your preferred health care professionals to confirm they participate. Do not depend on the Plan's list alone — check it out.

Pre-Existing Conditions and

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 — and probably will not — cover pre-existing conditions for a period of time.



State insurance laws and consumer

protections may not apply— Be aware that state laws protecting buyers of insurance will **not** protect people who buy Discount Health Plans. For example, the state guaranty fund law to protect consumers in the event an insurance company fails, and health insurance laws that guarantee access to providers, do not apply.

Other state and federal laws, such as mandated health insurance benefits, may apply to specific types of health insurance, not to Discount Health Plans or Cards.

Purchasing Tips — Read all promotional material carefully and ask questions. If it seems too good to be true, it probably is.

Review the proposed Plan carefully. Companies selling Discount Health Plans or Cards may not guarantee advertised services. Read the fine print and get any clarifications in writing.

Ask what happens if you move or need services while you are traveling.

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.

Seniors, Medicare and Long Term Care —

Seniors should be especially cautious when considering one of these Plans. Some health care 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.



Internet Sales and Scams —

Discount Health Plans can be sold directly over the Internet or by fax.

If purchasing online, make sure the website is secure. Review the company's privacy policies to learn if your information will be shared with other companies or if your information will be sold.

Do not give out any bank or credit card information until you have checked out the company, determined it is legitimate, and decided to purchase the Plan. Ask about the Plan's cancellation and refund policies and get policies in writing before enrolling.