

Health Discount Plans

A number of companies are marketing “health discount plans” in Kentucky offering savings on everything from doctor visits and prescription medications to travel and legal advice. The Kentucky Department of Insurance would like to caution consumers to review the material carefully to be certain the benefits provided by such plans are worth the cost.

The plans typically offer a “membership” for the cost of a monthly fee. Most provide discounts on dental, vision, medical, pharmacy and chiropractic services. Others may add travel assistance, legal services, tax preparation, counseling, hearing benefits, vitamins, long distance, credit restoration, grocery discount plans, alternative medicine and other services. A few offer air ambulance services. The consumer receives a list of those participating in the various networks and, in most cases, is required to pay the discounted rate at the time of service.

Consumers must remember that these plans are not insurance. A health discount plan is not a substitute for a health benefit plan or a Medicare supplement policy. The consumer protections that apply to health insurance would not be available to consumers who purchase one of these plans.

Other things to consider when purchasing a health discount plan:

- Read all the material carefully. If something seems too good to be true, it usually is. Be sure you understand what you are buying before signing any forms. Don't give out bank or credit card information until you are sure you want to purchase the discount plan.
- Ask if the company has actually contracted with the providers on the list. See what networks the discount plan uses for services. Contact your providers – doctors, hospitals, pharmacies, etc. – to be sure they participate in the network. If you are on maintenance medications or have a medical condition that requires ongoing treatment, try to determine what the actual cost would be to you as a member of this plan compared to your out-of-pocket costs if you are uninsured.

More questions to ask

- Whom do I call if I have a problem?
- What are the names of the networks used for the various services? Will they be listed on my card?
- What guarantees do I have as part of this plan?
- Will I get a regular statement outlining my savings?
- When receiving services that require immediate payment, is there a way to verify that I'm actually saving money?
- Can I get discounts if I need medical attention while on vacation or away from my home?
- Will services have to be preauthorized?
- Is the initial fee refundable if I change my mind?
- Do I have to pay a yearly premium or can I be charged monthly?
- Can I cover other members of my family?
- What are the qualifications of those answering the 24-hour help line?
- Can I cancel my membership at any time?
- Is there any reason to deny my membership?

If you are currently insured, ask how this plan might fill in gaps in your current coverage. The monthly fee you pay for membership may or may not be worth the benefits you will receive.

- Some of these plans are being marketed by insurance agents. Consumers should not be confused by this – the product is not insurance and is not being sold under the agent's insurance license. The Department of Insurance will be monitoring the sales and marketing of these products and will take administrative action against any agent who misrepresents this product. It is not appropriate for an agent to advise a client to drop health insurance to purchase one of these discount plans.
- Other plans are being sold directly to the consumer, often via the Internet. When purchasing online, observe the usual safe shopping tips such as being sure the site is secure and that the company's privacy policies are clear and accessible. Be sure to locate a phone number and an address for the discount plan and keep copies of everything you submit.
- Health discount plans are no longer required to have a certificate of filing with the Kentucky Department of Insurance. However, plans must offer specific disclosures to consumers and must have a separate contract with each health care provider listed on the plan. These requirements are under the jurisdiction of Kentucky's Office of the Attorney General.
- Senior citizens should be especially cautious when considering one of these plans. Medicare rates are already discounted below what doctors typically charge. Discount plans may offer other services such as "long-term care" options for seniors instead of medical savings. This is not long-term care insurance but may allow for discounts at nursing homes and home health services. Be sure to ask exactly what these discounts for seniors cover, as well as whether facilities or providers in your area are in the network. Nursing home beds and home health services are in high demand and may not be available at the time you need these services. The health discount plans make no guarantees that discounted services will actually be available to the consumer.



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