



CONSUMER TIPS

From the Vermont Division of Health Care Administration

Discount Health Plans

What Consumers Should Know About Discount Health Plans

What are discount health plans?

Discount health plans refer to a type of “buyers club” that markets reduced-rate health care services. They may offer discounts on services from hospitals, doctors, dentists, as well as discounts on prescription drugs, vision services, ambulance and other types of specialty medical care.

These Plans usually charge a member-ship fee in exchange for a list of health care providers who will provide services at a discount rate to its members. Payment of any services provided under these plans is solely the responsibility of the member. These types of plans *are not considered health insurance* because they do not assume any financial risk.

Are discount health plans regulated like health insurance in Vermont?

No. Discount health plans are not considered health insurance. Consumers do not have the same protections for discount health plans as they do when buying health insurance. For example, consumers are not protected from loss in the event that the company fails. Nor is there a guarantee of access to services.

How are discount health plans marketed?

Many of these plans are sold through direct mailings to consumers or via the Internet. Others are advertised on television or in local newspapers.

Things to know *before* you buy

- ✓ If you drop your health insurance after buying a discount health plan and later decide to buy health insurance again, your new health insurance may not cover pre-existing conditions.
- ✓ Review your discount health plan information carefully. It may not guarantee advertised services.
- ✓ Be sure to contact the providers that you want to use to make sure that they are licensed and currently participating with the plan, will honor discount services and are conveniently located for your use.
- ✓ Some plans may have hidden administrative fees, which may reduce or eliminate any advertised discount. Read all plan information carefully.
- ✓ Seniors should be especially cautious when considering these plans. Some providers may not honor discounts for Medicare reimbursed services.
- ✓ Be wary of discount health plans that offer “long term care” discount options. These plans do not substitute for long-term care insurance.
- ✓ Call the participating providers that you want to use to make sure they will accept the discount that is advertised.

Things to do *if you plan to buy*

- ✓ Read all discount health plan materials carefully.
- ✓ Understand the discounts being offered. Discounts should exceed membership costs.
- ✓ Ask if any deductibles apply.
- ✓ Ask about payment rules. You may be required to pay for discount services at the time of service and in cash.
- ✓ Ask about the plan's cancellation and refund policy.

More things to do *if you plan to buy*

- ✓ Make sure you have a telephone number and address for the discount plan.
- ✓ Keep copies of all materials that you submitted to and received from the plan.
- ✓ Ask if you will:
 - receive regular statements showing your savings.
 - have to pre-pay any services.
 - receive any services for emergencies or when you travel out-of-area.
- ✓ Ask if any services must be pre-authorized.
- ✓ Find out if there is a customer service line that is available and the hours of operation.
- ✓ Ask if the discount health plan provides any privacy protection.
- ✓ Find out if the plan sells your personal information to other companies when you become a member.
- ✓ Find out if all discount services start on the first day of the contract.

Contact Information

For general questions about Discount Health Plans, contact:

- Vermont Division of Health
Care Administration
1-800-631-7788
- Federal Trade Commission
1-877-382-4357

To file a complaint about suspected fraudulent activity, contact:

- Vermont Attorney General's Office
Consumer Assistance
1-800-649-2424
- Your local district attorney's office.

Remember: if it seems too good to be true, it probably is.



Division of Health Care Administration

Department of Banking, Insurance, Securities & Health Care Administration

89 Main Street, Drawer 20

Montpelier VT 05620-3601

Phone: (802) 828-2900 Fax: (802) 828-2949

Website: www.bishca.state.vt.us