



Discount Health Plans: What You Should Know Before You Buy

A discount health plan or health services plan is a membership savings plan that provides reduced-rate health care services. These plans typically charge a monthly membership fee in exchange for access to a network of health care professionals who have agreed to provide their services for a discounted rate.

Discount health plans offer a consumer access to medical, dental, vision, pharmacy, and chiropractic care, as well as hospital stays. However, it is important to keep in mind that **these plans are not insurance**. For those without insurance, or those with a high deductible on their insurance plans, discount health plans can be very attractive, but it is important to know how these plans work before you buy.

Because discount health plans are not insurance, they are not regulated like health insurance in Illinois. These plans are required to be registered as a Preferred Provider Administrator (PPA), but this does not offer the same protection that consumers would typically have if they were purchasing insurance. For instance, if the company goes under, consumers are not protected from loss, and there is no guarantee of access to certain services.

How the Plans Work

Typically, a consumer will hear about a discount health plan over the radio, in the newspaper, through their e-mail, or via an advertisement faxed to their workplace. The ads sound too good to be true: *"Health care for the whole family," "only \$89/month," "no pre-existing conditions, no age restrictions, no pre-admissions, and no limit on usage."*

This language makes it appear as if these plans are offering health care insurance, but they are not. Discount health plans will not pay for health care services that you or your family receives. As a member, you only have a right to a discounted rate for the service, which typically must be paid at the time the service is provided. In fact, the discounted rate may not be lower than you would be able to find if you shopped around on your own and compared rates between different health care providers.

Ten Questions to Ask Before You Buy

1. **Will purchasing this plan really save me money?** Often, the cost of the initiation fee and the monthly or yearly membership rate will cost more than the discounts received. Evaluate your health care needs before purchasing one of these plans.
2. **What are the procedures that you need to follow to receive the discounted treatment rate?** Specifically, find out if you have to set up appointments through the plan, or if you can call on your own.
3. **Is my current doctor/pharmacist/dentist/hospital participating in the program?** If you already have insurance, contact your current health care professionals to make sure that they accept the plan. If they do not, find out which providers in your area are covered by the plan.

4. **How much will it cost?** Sometimes there are hidden non-refundable administrative fees that must be paid before you enroll in addition to the monthly or yearly membership.
5. **What are the payment rules?** Some plans require pre-paying for hospital visits, pre-authorization for hospital stays 30 days in advance, or paying the full hospital charge within 30 days of the service. Additionally, find out if you will be required to pay in full at the time a health care service is provided.
6. **How will I know what savings I am receiving?** Check with the plan to see if you will receive regular statements showing your savings for using the plan.
7. **Is there a customer service line?** If so, what are its hours of operation? If there is no customer service line, find out who you should call if you have a problem using the card.
8. **Will you have ample time to make a decision about the plan before providing financial information?** Do not give out your credit card or bank information to anyone over the phone before you have made the decision to enroll. Sometimes these discount plans will charge your account before you have decided to purchase the plan.
9. **Is my personal information protected?** Find out if the plan sells your personal information to other companies when you become a member.
10. **Does the plan seem too good to be true?** If it seems too good to be true, it probably is! If the advertisement does not list the company sponsoring the program, and if the consumer hotline refuses to give you the address or phone number of the discount health plan, these are big red flags that something is wrong.

For More Information

If you receive an advertisement for a discount health plan, make sure to go through the checklist described above. In addition, contact:

The Illinois Department of Insurance (Chicago, 312-814-2427; Springfield, 217-782-4515) to see if the plan is registered in Illinois.

The Better Business Bureau (Chicago, 312-832-0500 ; Peoria, 309-688-3741) to find out if there are any complaints against the company.

The Illinois Attorney General's Health Care Helpline (1-877-305-5145) for assistance if you feel you were misled into buying a plan that does not meet your needs.

please visit

www.IllinoisAttorneyGeneral.gov

Consumer Fraud Hotlines

Chicago
1-800-386-5438

Springfield
1-800-243-0618

Carbondale
1-800-243-0607

Individuals with hearing or speech disabilities can reach us by using the 7-1-1 relay service.