

FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer & Business Education

Medical Discount Plans: They're Not Health Insurance

*Affordable Health Care Plan
Pre-existing conditions? No problem!
No Deductible or Co-pays
Thousands of providers in our PPO network
Discounts up to 60%*

Claims like these in magazines, on television, or on the Internet may sound like they're selling health insurance. Probably not. Most of the time, they're pitching a medical discount plan, card, or program, and chances are, they're aimed at people who are in the market for ways to reduce the cost of health care.

Medical discount plans can be useful for some consumers looking to save money on health care. But they're not the same as health insurance. Medical **discount plans don't pay any of your health care costs**; instead, they require you to pay a fee for a list of health care providers and sellers of health-related products who are willing to offer discounts to members of the plan.

According to the Federal Trade Commission (FTC), the nation's consumer protection agency, some medical discount plans **claim to provide big discounts** from hundreds of providers for a wide range of services, from doctor visits and dental exams to hospital stays and prescription drugs. But **many plans fail to make good on those claims**. The FTC and many states have found that although some medical discount plans provide legitimate discounts that benefit their members, **many take consumers' money and offer very little in return**.

Check it Out

When considering your options, know what you're getting — medical insurance or a medical discount plan. If you're not sure, check with your state insurance commissioner to see if the company offering the plan is registered to sell insurance in your state. If the company is not registered to sell health insurance and you want to buy health insurance, consider shopping elsewhere. Remember that if you buy a health insurance plan, it generally covers a broad array of services, and pays you or your health care provider for your medical bills. If you buy a medical discount plan, you generally are paying for a list of providers and sellers **who may be willing to offer "discounts" on some of their services**, products or procedures. If you're interested in buying a medical discount plan, you should investigate the details before you pay any money. For example,

- Look for a telephone number or website of the company you're considering doing business with so you can get more information.
- Before you pay any money, ask the company for a list of providers who participate in its plan. Call the providers and ask about the services and discounts they're offering.

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- If the plan doesn't provide a list of providers promptly, consider taking your business elsewhere.
 - Investigate the details of any plan carefully. Read the fine print, paying special attention to the refund policy. If a plan doesn't readily provide information and answers before you buy, it isn't likely to be responsive once they have your money.
 - If your usual medical or dental providers don't participate, see whether other doctors in your area accept the plan and will give you the discount the plan promoters promise. Some legitimate plans offer a "get acquainted" or "initial consultation" visit so you can meet a practitioner who participates in the plan before you commit to becoming a member.
 - Do the math. Try to calculate what your total payment for a discount plan will be for a given amount of time. You could be responsible for paying a substantial amount up front, in addition to monthly fees and other costs. The costs of the program may total more than the savings you anticipate. Indeed, you may be able to negotiate a similar discount directly with your provider, without having to join a medical discount program.
 - Call your local consumer protection office, state Attorney General, or Better Business Bureau to find out whether there are complaints about the business offering the discount plan.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

FEDERAL TRADE COMMISSION	ftc.gov
1-877-FTC-HELP	FOR THE CONSUMER

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