

# Consumer Counselor

## Insurance Information for Michigan Consumers

### Discount Health Care Plans

#### Health Insurance or Discount Plan?

Many individuals are without health insurance or are underinsured for a variety of reasons. Discount health plans have emerged as an attempt to meet the needs of uninsured individuals. **However, discount health plans are not health insurance.** If you purchase a discount health plan, your health care costs will not be covered like they would be if you had health insurance. This type of plan does not provide comprehensive health care coverage, nor is it a substitute for health care coverage. Instead, you may have access to a list of providers offering discounts on some of their health care services, or products. Additionally, discount health plans do not satisfy the minimum essential coverage requirement under the Patient Protection and Affordable Care Act. You may still have to pay a penalty if you do not have comprehensive health insurance, even if you are enrolled in a discount health care plan.

Most regulated health insurance companies do not offer the discount plans, except for specialized services such as prescription discounts. The companies that do offer the discount plans are businesses formed to market discounted health services for a monthly or yearly fee to the member. The services for which they offer discounts range from medical, dental, vision, prescriptions, vitamins, as well as other health services. Before you enroll in any discount plan, call your doctor(s) to see if they participate with the discount plan and call the administrator of the discount health plan to make sure you have the most updated list of participating providers. Verify the plan details before you enroll and pay any fees. Legitimate plans should not pressure you to sign up quickly and they should be willing to provide you with written plan information.

#### How does the program work?

The plans do not, nor are they intended to, provide comprehensive health care coverage. **Again, discount health plans are not health insurance plans.** You, as a consumer, agree to pay the discount health plan company a certain amount of money each month or year. For payment of this fee you are enrolled in a plan that will provide you access to discounts for health care services or prescriptions if you go to the doctor, medical care facility, hospital, or pharmacy (provider) that has a contract with the discount health plan. The provider has agreed to accept a lower payment from the discount health plan member. The discount is usually a percentage of the provider's regular fee.

For example, a person will pay XYZ Care Plan \$10.00 per month for access to discounted dental services. The particular dentist (provider) has agreed to treat XYZ's members and charge them 20% less for certain services than the amount charged to other patients. If you, as a member, go to the dentist for a regular cleaning, then you will receive the discount for the service. However, if the regular fee is \$60.00, and the dentist has agreed to accept 20% less, then you, not the discount health plan, still must pay that discounted fee of \$48.00. The plan does not reimburse the dentist the difference between the regular fee and the discounted amount that you paid. The provider has usually agreed to participate with the plan to increase patient numbers and because they hope to increase their cash flow in return for giving a discount to the plan member.

#### Advantages:

- ❖ **Some individuals sign up for these plans to supplement a high deductible insurance policy.** If your health insurance policy has large deductibles you



must pay before the insurance company will pay. You can buy a membership in one of these discount plans to get more services for your out-of-pocket expenses.

- ❖ **If you have no insurance, either because you don't qualify, your employer doesn't offer coverage, or the coverage is too expensive, you can decrease what you pay for necessary health services through the discount health plan.** In this way, you can increase the amount of services you can purchase with a limited amount of money.
- ❖ **Some discount health plans do not have a pre-existing condition exclusion.** Often when you have had a recent health problem and try to purchase health insurance, you are turned down because you have been previously treated for a health condition or still have the problem. You are unable to buy health insurance. Some of the discount health plans do not care if you already have a health problem or have been treated for one in the past. The discount plan will still let you enroll in the plan, since they are not paying for any of the services, only guaranteeing discounts for their members' services.

#### **Disadvantages:**

- **Most plans require a credit card payment for the membership fee or an electronic funds transfer.** If you do not have or do not want to use either of these methods, they may not accept you as a member.
- **Some plans require that the patient has had no health care expenses for a previously determined amount of time.** For example, the plan may require that the person, either you or a family member, enrolling in the discount plan not have seen a doctor for at least a year. Plans vary widely on this particular form of requirement.
- **It is difficult to determine if the providers in the discount health plan network are truly offering discounts.** For example, if you price prescriptions at

various pharmacies, you may be able to buy the prescription at a nonparticipating pharmacy cheaper than the discounted rate at the participating pharmacy. You should still compare services and prices in order to determine if you truly are getting a discount.

- **In order to receive any true savings, you must evaluate if the amount you save in discounted provider fees is greater than the annual membership fee you pay for the discount health care plan.** If you are paying more for the annual membership fee than you save in discounts from providers, then this is not a good deal for you. For example, if your annual fee is \$500 and you have two visits to the doctor over the course of the year, and the doctor discounts 20% off his office visit fee of \$60.00, the annual savings is \$24.00. You have paid \$500 to save \$24.00. Unless you are fairly sure you will save at least, if not more than, the fee charged for the discount plan, you should not sign up for a health discount program.
- **If you enroll in the discount plan, you may not be able to continue seeing your current physician in order to receive the discount.** The physician, pharmacist, optometrist, hospital, etc. must have signed an agreement with the discount plan in order for you to get the discount.
- **You need to thoroughly check the background of the provider that has agreed to accept the discount.** Providers join the plan to increase their business. Perhaps they are just new to the area or are just starting their own practice and want to have access to a large client base. However, as a consumer, you need to be vigilant on your own behalf since the health discount plan is not required by law to prescreen the providers they have participating in their plan.
- **Remember, health discount plans do not take the place of health insurance plans.**



### **Who regulates the discount health plans?**

Discount health plans are not regulated under any of the current Michigan Insurance Code laws. These plans are **not** considered health insurance since they do not assume any risk or pay for health care expenses. They have just negotiated a lower rate with the provider for you and for that negotiation you pay a fee to them. The plan does not pay the provider for the service; **you pay**.

To determine the license status of individuals and facilities offering discount health care plans you would need to check with the Better Business Bureau, the Bureau of Health Care Services, or the Office of Services to the Aging. You may also be able to find out about any complaints filed against licensed entities. All of these agencies can be accessed on the State of Michigan website at [www.michigan.gov](http://www.michigan.gov).

