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What Consumers Need to Know About Discount Medical and Discount Drug Plans

In Maryland, there are two basic types of discount plans available: Discount Medical Plans and Discount Drug Plans. These plans may be structured to look like insurance, but they are not insurance and don't pay any of your health care costs. Instead, discount plans give plan members access to a group of providers of health care services and supplies on a discounted basis.

Some plans may be marketed in conjunction with certain types of insurance coverage such as accidental death and dismemberment insurance, which are regulated by the Maryland Insurance Administration.

Discount plans must register with the Maryland Insurance Administration unless they are offered by entities that are licensed to do insurance business in Maryland – such as insurers, non-profit health service plans, health maintenance organizations (HMOs) or dental plan organizations.

Other Health Coverage Resources:

For a more comprehensive understanding of all your health care options, review Maryland's health insurance guide, *A Consumer Guide to Health Insurance*.

1. DISCOUNT PLANS: ARE THEY RIGHT FOR YOU?

We have all seen the billboards or received an email promising to “save 50% to 80%” on the cost of health care. With the rising cost of health care and prescription drugs, these advertisements are becoming more and more enticing. When considering the merits of these discount plans, it is important to keep in mind the old saying, “if it sounds too good to be true, it probably is.”

Before you become a member of a Discount Medical Plan or Discount Drug Plan, it is important to understand how the plans work and how they can be used. You also need to understand exactly how much money a discount plan will save you and how much it will cost to join.

2. WHAT IS A DISCOUNT PLAN

Discount plans can be beneficial to consumers looking to save money on health care costs. These plans offer savings to plan members on various health care goods and services such as prescription drugs, doctor visits, eye glasses, vision care, dental services and lab tests through arrangements between health care providers and the organization offering the discount plan.

3. HOW DISCOUNT PLANS WORK

Discount Medical Plans contract directly or indirectly with health care providers or provider networks to provide medical services at a discount to plan members. Similarly, Discount Drug Plans contract with providers or networks to provide pharmaceutical supplies, prescription drugs, medical equipment and other supplies at a discount to members.

To become a plan member, you may have to pay fees, dues or other financial consideration to the discount plan organization. In exchange for the fee, you get a discount, provided that you go to a health care provider in the discount plan and receive the specific service that is covered by the plan.

Each discount plan must provide a plan member or plan member's family a discount card. Members present the card to their providers to receive discounted services, supplies, drugs and related care. The discount card includes:

- a statement that the discount medical plan or discount drug plan is not insurance;
- information identifying the discount medical plan organization or the discount drug plan organization and/or the provider networks that participate with the discount plan; and
- the telephone number that the plan member may call for assistance.

A discount medical plan organization or a discount drug plan organization is required to notify a plan member when there is a material change in plan benefits or the information contained on the card. If the information on the discount card changes, the discount medical plan or the discount drug plan must reissue the discount card(s).

4. WHAT YOU SHOULD KNOW ABOUT DISCOUNT PLANS

Discount plans are **NOT** health insurance. Therefore, some of the protections that you receive when changing health insurance companies do not apply. For instance, if you cancel an existing policy and choose to be covered by only a discount plan, then later you attempt to obtain

a standard health plan, the insurance company could deny or delay covering any preexisting conditions.

- Discount plans may not:
 - restrict access to discount medical plan or discount drug plan providers, including waiting periods and notification periods;
 - refuse to modify the method of payment for membership in a discount medical plan or a discount drug plan on request, unless a specific method of payment is required as a term of the discount medical plan or the discount drug plan and was agreed to in writing in advance;
 - if membership is billed monthly, impose a financial penalty for termination provided that 30 calendar days' written notice of termination is provided;
 - continue electronic fund transfer as a method of payment more than 30 calendar days after a written request for termination of electronic fund transfer has been made; or
 - require the member to notify more than one entity that the electronic fund transfer should be terminated.
- If applicable, discount plans must inform you if a nominal fee associated with enrollment costs will be retained by the discount plan organization, if membership is canceled within the first 30 calendar days after the effective date of enrollment.
- Hospitals in Maryland **DO NOT** accept discount cards. Under Maryland law hospitals must charge all consumers the same amount.

If you question whether something is a discount plan or an insurance plan, and whether the discount plan is properly registered with the State, contact the Maryland Insurance Administration at 800-492-6116.

Carefully investigate the details of any plan offered to you **and be sure to READ ALL OF THE FINE PRINT CAREFULLY.**

5. QUESTIONS TO ASK BEFORE YOU PURCHASE MEMBERSHIP IN A DISCOUNT PLAN

- What is the fee for signing up for the plan?
- Are there any administrative costs?
- Will the fee change?
- How do you cancel the discount plan?
- What does this plan offer that my current insurance plan does not?
- Which doctors, pharmacies and other healthcare providers accept the discount card in my area?
- What services are specifically covered and what discount is given.
- What services are excluded?

- Are there any limits on how many times you can use the services?
- Who do you contact in case you have a problem?
- Are certain conditions or treatments excluded? (Make certain that your specific treatment or condition is covered.)
- Are your current medications covered and what discount is available for the medication? (Verify that a generic brand that you can take is not available at a lesser amount.)

6. CONSUMER TIPS

- Estimate the value of the plan. For example, try to compare how much in fees you will pay to the savings you get by joining the discount plan.
- Do not provide credit card or bank account information to anyone before you know all of the details of the plan and are certain that you want to join.
- If a plan representative doesn't provide a list of providers promptly, or the list is not satisfactory, consider another plan.
- If you suspect fraud, contact the Maryland Attorney General's Consumer Protection Division at 888-743-0023 and to find out if any complaints have been filed against the discount plan, call the Maryland Attorney General's Health Advocacy Division at 877-261-8807 or the Maryland Insurance Administration at 800-492-6116.
- Talk to your doctor or pharmacy and verify that they participate in the plan and also ask if they know of other discounts that you may be eligible for.

This consumer guide should be used for educational purposes only. It is not intended to provide legal advice or opinions regarding coverage under a specific policy or contract; nor should it be construed as an endorsement of any product, service, person, or organization mentioned in this guide.

Persons with disabilities may request this document in an alternative format.