

Saving Money on Your Insurance

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TEXAS COMMISSIONER OF INSURANCE

Understanding Health Care Discount Cards

CONSUMERS AND SMALL EMPLOYERS often contact the Texas Department of Insurance to ask about health care discount programs. Their questions indicate that some people confuse these programs—sometimes called “referral plans”—with true health insurance policies, which they are not.

Typically, the attraction of a discount plan is a very low price compared to the premium for a major medical insurance policy.

One plan’s Web site, for example, advertised a benefit card for the entire family, including pets, for \$15.95 a month and promised savings of 10 percent to 40 percent. Another plan’s Web site offered a range of prices and benefits, with the monthly fee topping out at \$64.95 for a deluxe plan that included discounts on hospital bills.

Here are some things to consider before signing up for a health care discount plan:

Remember that true discount plans are not insurance. They offer only cards that are supposed to entitle you to discounts from participating physicians and providers. You are responsible for most of the bill for a medical procedure or hospitalization even if you receive the promised discount. Getting a 20 percent discount on a \$50,000 operation still leaves you owing \$40,000. Some doctors and providers might not treat an expensive condition without payment up front or proof of ability to pay.

Some discount card sellers are very candid about the fact that their plans are not insurance, saying so in large letters on their Web sites or printed materials. With some others, however, you might need to search hard before finding such a disclaimer, if you find one at all. Some programs appear intentionally to leave an impression that they are offering benefits usually associated with true insurance.

Before signing up for a discount card, ask for the list of physicians and providers who accept it. If your doctor is on the list, verify that he or she indeed grants dis-

counts to patients who have this particular card. There have been many instances in which physicians and providers were unaware they were listed by discount card sellers. There also have been cases in which physicians and providers continued to be listed long after they had ceased participating.

If you’re considering joining a discount program, ask your doctors to tell you their usual fee for uninsured individuals and the fee they charge people who present the program’s card.

Finally, consider obtaining real health insurance. The Texas Department of Insurance Web site includes a list of all companies that offer individual health insurance in Texas. The link is www.tdi.state.tx.us/company/lhiah_lst_incl.html

Consumers who believe that a discount plan has misrepresented benefits or has abused them in some other way should contact the Consumer Protection Division of the Office of the Attorney General at

1-800-621-0508.

Employers looking for affordable health insurance plans for their employees need to be extremely careful in viewing discount plans as an option. They also need to beware of unlicensed entities (“unauthorized insurers”) purporting to market full health insurance benefits at below-market prices. Unauthorized insurers inevitably leave employees in the lurch when they have substantial claims. A call to **TDI’s Consumer Help Line** at

1-800-252-3439

can verify whether a health insurer is legally doing business in Texas.

TDI’s Web site has a small business page that includes information about small employer health plans and a rate comparison guide for such plans. The link to the small business page is www.tdi.state.tx.us/commish/smbiz.html. ★

Editors:

- If you need further information, call: **Texas Department of Insurance Public Information Office (512) 463-6425**

We welcome your questions and suggestions about this column.