

CONSUMER'S EDGE

CONSUMER PROTECTION DIVISION, MARYLAND OFFICE OF THE ATTORNEY GENERAL

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QUESTIONABLE HEALTH DISCOUNT CARDS

A Maryland woman who did not have health insurance saw an advertisement for a health discount card that promised savings of “up to 80 percent” on doctors’ visits and lab tests. She paid to enroll in the card program. However, she was not able to find any doctors who accepted the discount card. She soon realized it was a waste of money.

A man who had Medicare coverage bought what he thought was a supplemental insurance plan to cover any expenses that Medicare wouldn’t cover. After being hospitalized, he received a large bill for the medical expenses Medicare didn’t cover. It turned out that what he had purchased was not insurance, only a health discount card that was useless for this circumstance.

Before deciding to enroll in one of these discount card programs, be sure that you understand what it actually offers and how it works. While some discount cards may save money for some consumers, others are a waste of money. Some are misleading or fraudulent in their promises.

WalletDENT

Exclusive Dental Discount Card

Member Number:
1029384756

Group: 0987654
Network: REGION 0



Present this card to save 20-50% off most dental procedures

Savings Rx

PHARMACY DISCOUNT CARD

Member Identification Number BIN : 54321
TGTBT12345 GRP : 10101010
PCN : Zero

Use this card to get UNREAL savings of up to 50% on prescriptions!

Worse, some consumers mistake them for insurance coverage, which they are not. Discount cards simply offer lower prices on goods and services from healthcare providers who agree to discount their prices. If you are looking for health insurance, Maryland Health Connection can help you shop for and enroll in a plan. To contact Maryland Health Connection, go to www.marylandhealthconnection.gov or call 855-642-8572.

HOW HEALTH DISCOUNT CARDS WORK

A health discount card company negotiates with certain healthcare providers and gets them to agree to charge reduced fees for their members. You join the discount program by paying a membership fee, often a monthly fee. In return, you receive a membership card that you can present to healthcare providers that participate. The provider is supposed to discount the bill for the services, supplies, drugs, or related care that they provide, which you must pay at the time of service.

If you don’t have health insurance or you have inadequate health insurance, the “health discount cards” often advertised on television, by direct mail, or telemarketers may sound like a solution. The ads show a card that they say you can present to hundreds of healthcare providers and receive large savings on medical and dental bills, lab tests, and prescription drugs.

These discount cards are not insurance, and they don’t pay any of your healthcare costs, so don’t be fooled by unscrupulous marketers claiming otherwise.



PROBLEMS CONSUMERS FACE

Difficulty finding providers who accept the discount card. While many discount programs claim that their card is accepted by an extensive network of providers and hospitals, in reality many consumers have found it hard to find providers who will accept it. In some cases, providers who were included on a list given by the discount program to the consumer said that they had never heard of the card.

Maryland hospitals do not accept discount cards. Under state law, hospitals cannot offer discounted rates to groups of consumers. All hospital rates are uniformly set by Maryland's Health Services Cost Review Commission.

The savings are not as advertised. When they can find a provider who accepts the discount card, many consumers find the savings often aren't near the "up to 60 percent!" or "up to 80 percent!" that was advertised. The provider may only discount the price by 10 or 20 percent, for example, and only after hiking up the base rate. The words "up to" in the advertisements can mislead consumers into thinking that the savings are typical when they are not.

Mistakenly believing the card is an insurance plan. The advertisements may use words like "health coverage" and show a picture of a card that looks just like a health insurance card. Marketers often suggest that the plan pays providers for your care when, in fact, you pay the providers directly. They might warn that the card is not insurance, but only in tiny type at the bottom of the ad or on the reverse side of the mailing.

Difficulty canceling. In Maryland, discount plans are required to refund all but a nominal fee to consumers who cancel the plan within 30 days. Some consumers have complained that they didn't get their membership materials and a list of participating providers in time to see if the card would really work for them. When they decided that the card was not right for them, it was past the refund period. Others had difficulty canceling.

SHOP SMART

Don't be pressured into enrolling. Be wary of pressure to enroll "now" or "before it's too late." Don't sign up before you have requested and received materials about the plan. Read all the materials to be sure you understand how it works. If the marketer is evasive about answering questions or providing you with detailed documents up front, they are probably hiding important information.

Verify which providers actually accept the card. Ask your doctor, dentist, and pharmacy if they accept the discount card and what discounts they would give. If they don't accept the card, ask the discount card company for a list of providers in your area that do. Then call some of those providers to confirm that they actually do participate and ask what discounts they give.

Understand the "discount." Ask not just what the discount would be, but also what the cost of the visit, prescription, or service would be. Merely being told that you would receive "30 percent off" is not helpful if you don't know what the full charge would be. You may find that the discounted charges of the participating providers exceed your current provider's charges.

Read the fine print. Make sure the fine print lines up with the advertised promises. Are there hidden fees that are not advertised? Do you have to pay another fee for actually using the card?

If you need assistance with a dispute involving a health discount card, contact the Attorney General's Health Education and Advocacy Unit at 410-528-1840 (en español: 410-230-1712). If you have a complaint against a discount plan, you can also file a complaint with the Maryland Insurance Administration. For details, call 1-800-492-6116 or go to www.insurance.maryland.gov.

HOW TO CONTACT US

Consumer Protection Division

200 St. Paul Place, 16th Fl., Baltimore, MD 21202

- **General Consumer Complaints:** 410-528-8662
Toll-free: 1-888-743-0023 TDD: 410-576-6372
En español: 410-230-1712
9 a.m. to 3 p.m. Monday-Friday
www.marylandattorneygeneral.gov/Pages/CPD/
- **Health Consumer Complaints:** 410-528-1840
Toll-free: 1-877-261-8807 TDD: 410-576-6372
En español: 410-230-1712
9 a.m. to 4:30 p.m. Monday-Friday
www.marylandcares.org
- **For information on branch offices** in Largo, Salisbury, Hagerstown, and a full list of offices across Maryland, visit: www.marylandattorneygeneral.gov/Pages/contactus.aspx

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