



Idaho
Department of
Insurance



Idaho Department of Insurance
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Consumer toll-free helpline: 1-800-721-3272

Website address: <http://www.doi.idaho.gov>

Consumer Alert

Discount and Unauthorized Health Plans

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The Idaho Department of Insurance has received complaints about health coverage plans that may look and sound like insurance, but are not true insurance and may leave you facing large medical bills if you become ill or injured. There are two types of plans to watch for:

1. **Discount Plans.** These are low-cost plans that appear to offer a variety of health coverage options and usually promise to accept all applicants without regard to health, age or pre-existing conditions. In exchange for weekly or monthly payments, the plan promises that you will receive discounts from health service providers. However, in order to receive discounted services you must use the plan's network of medical providers (sometimes referred to as a "PPO"). If your doctor has not agreed to participate in the plan or there are no participating health care providers in your area, you will not receive a discount.

Discount plans are not insurance, but offer only to provide "membership" or "association" benefits that are primarily discounted health services. Under these types of plans you are solely responsible for all medical expenses you incur – there is no guaranty that your medical provider will provide any type of discount or other benefit as a result of your participation in the plan. Although these plans are often marketed using language that makes them sound like insurance, they do not promise to pay any type of benefit. Because discount plans are not considered insurance, they are not regulated by the Idaho Department of Insurance. If you decide to enroll in a discount plan, you should be aware that you will not receive the protections and benefits that you would receive if you enrolled in a health plan offered by a licensed insurance company.

2. **Unauthorized Health Insurance Plans.** These plans are often marketed by claiming to be a union or guild members health

plan, a self-funded employer ERISA plan, or some other entity that claims to be exempt from state insurance regulation. The plan may claim to be "fully funded" or a "stop loss" plan, but it is not backed by a state-licensed health insurance company. In Idaho, health plans that promise to pay for health care and offer to enroll members of the public in exchange for premium are required to be licensed as insurers. If you see an advertisement or are approached by a salesperson offering a plan that promises to pay for health care but claims to be exempt from state regulation, be wary! These types of illegal health plans have collected millions of dollars in premiums from unsuspecting people across the country, and they have left thousands of Americans facing large medical bills after the plan sponsor closed its doors or went into bankruptcy. Unlike licensed insurers, when an unlicensed health plan becomes bankrupt, the plan's members are left with no protection from unpaid medical bills.

Ten Important Tips for Choosing a Health Plan:

1. Ask us at the Idaho Department of Insurance if the salesperson and company are licensed in Idaho.
 - Call our Consumer Affairs Helplines:
 - Toll-free: 1-800-721-3272 (in Idaho only)
 - Boise: (208) 334-4250
 - Coeur d'Alene: (208) 666-6850
 - Pocatello: (208) 236-6411
 - Check our online licensing search link: www.doi.idaho.gov

Be extremely wary of any salesperson who claims licensing is not needed for a health plan because the plan is exempt from state insurance regulation.

2. Ask for the plan's list of medical providers. If the plan will not give you the list for free before you enroll, you may be throwing your money away if you decide to enroll.

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3. Ask your doctor, dentist, and pharmacist if they have experience with this plan and if they are current members of the plan's provider network.
 4. If you are required to convince your medical providers to join the plan's network in order to have your expenses covered, you should look at other plans. Legitimate insurance companies establish their own network agreements with providers. It should not be your job!
 5. If you are required to join a union, guild, or association in order to get coverage, call our Consumer Affairs Helplines and ask if we have information about the plan or organization. If the plan promises to cover your health expenses but is not insured by a company licensed with the Department of Insurance, it is probably operating illegally and there is no guaranty that you will receive any of the benefits promised if you become ill or injured.
 6. Be cautious if the salesperson or advertising avoids using the word "insurance," but instead says "benefits" or "coverage." Ask the salesperson if this is a plan of insurance and ask for the name of the insurance company that underwrites the plan. Then check with the Department of Insurance to make certain the company is licensed in Idaho.
 7. Give the salesperson an example of a claim and ask how the plan will pay benefits, for example:
 - "What if I need open heart surgery, how much will the plan pay?"
 - "If I am out hiking and fall off a cliff and an air ambulance takes me to a hospital for emergency surgery for two broken legs and I am in the hospital for five days and will need prescriptions and physical therapy later, are all of those expenses covered under the plan? How does the plan decide what benefits to pay?"

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8. Ask to see the list of exclusions and limitations for the plan as well as a list of what services are covered. If the salesperson says, "Everything is covered!" or "We have no exclusions!", the plan is probably a discount card program and not insurance. If the salesperson will not give you this information before you enroll, you should look elsewhere for health coverage.
 9. **Warning to licensed producers:** You may be found personally liable to pay back costs for the enrollees you solicit for coverage through an illegal insurance plan. You should always check with the Department of Insurance to make sure the health plan you are selling is backed by an authorized insurer.

And finally:

10. If the salesperson asks for your credit card number before giving you any plan information, STOP THE SALES PITCH! This may be a phony health insurance plan!

REMEMBER: VERIFY BEFORE YOU BUY! If it seems too good to be true, it probably is!

The Idaho Department of Insurance is an agency of the State of Idaho that regulates the business of Insurance in Idaho. Its staff is available to provide help to Idaho residents with problems or questions involving insurance. To verify that you are dealing with a licensed insurance company or agent, contact the Department:

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Search for License Information: www.doi.idaho.gov
