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NEWS

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Illinois Department of Insurance Urges Consumers to Beware of Health Service Discount Card Scams

Health service discount cards are not insurance

CHICAGO – As health care premiums continue to rise, many Illinois consumers are looking for more affordable health insurance coverage. During this process, consumers may come across advertisements for health service discount cards that promise access to discounted health services in exchange for enrollment and monthly membership fees. The Illinois Department of Insurance is providing tips to help consumers make well-informed decisions before signing up for a health service discount plan and to understand that these plans are not insurance.

“At a time when many families are looking to save money, health service discount cards may sound like an appealing option,” said Michael T. McRaith, Director of the Illinois Department of Insurance. “But consumers need to be very aware that promises of discounts and coverage may be greatly exaggerated or just plain false. Providers sometimes are unaware that they have been listed by the discount card company and will refuse to accept the card and honor the promised discounts. It is important to always remember that discount cards are not insurance and that you will be required to pay your provider for the services they provide.”

The Illinois Department of Insurance offers advice on health service discount cards:

- **Do not cancel your health insurance.** Health service discount cards are not insurance and you are responsible for paying all medical bills yourself.
- **Beware of misleading or exaggerated promises.** Phrases such as “Save up to 60 percent on healthcare,” “Affordable health coverage,” “Long-term care,” or “Guaranteed benefits” can cause consumers to think they are purchasing insurance when they are not. In addition, not all discount cards will deliver on the advertised promises.
- **Read the fine print.** Make sure that the fine print is consistent with what you are being promised. Look for costs or fees that are hidden in the fine print, such as “one-time administrative fees” or charges for each use of the discount card.
- **Ask questions.** Find out exactly what services are covered and be sure that your needs will be met. Ask for written information regarding what health care providers are

included in the network and make sure that your doctor, hospital, or pharmacy is included. Call your provider to make sure that they honor the discount card.

- **Avoid evasive salespersons.** Do not join a discount plan if the salesperson seems evasive, ill-informed, or if they are reluctant to send you detailed information about the card or company until after you sign up.
- **Beware of credit fraud.** Avoid giving credit card, checking, or other bank account information over the phone or Internet. You may be charged even if you don't sign up for the discount card or find that the company keeps charging you even after you cancel your membership.
- **Ask if the plan is registered with the Illinois Department of Insurance.** State law requires discount card programs to register with the Department. Before purchasing a health service discount card, make sure that the plan is registered by checking whether its name appears on the Preferred Provider Program Administrator List, which can be found at the Department's website or by calling the Department's toll free number below. If the discount card plan's name is not on this list, they are not authorized to conduct business in Illinois and you should not purchase a health service discount card from them. You can alert the Department to unregistered plans by visiting our website or calling the number below.
- **Know whether your membership fee is refundable.** Find out exactly what the process is before you sign up. Ask whether your membership is cancelable at any time and if there will be a refund of advance payments.

More Information

Visit the Illinois Department of Insurance Web site at <http://insurance.illinois.gov> or call toll-free at (877) 527-9431.

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