

## ***Discount health plans: fact or fraud?***

As health insurance costs go up, a new player — *the health discount plan* — has emerged as a potential alternative for some people.

These mass-marketed plans charge a monthly membership fee in exchange for access to any one or a combination of discounted medical, dental, vision, hearing, and prescription drug services.

### ***What's the problem?***

Some plans are operating illegally, or are just plain scams.

No insurance product can be sold in Connecticut without approval by the State Insurance Department. In many cases, the ads for these plans seem to be selling insurance, at the same time skirting the law by stating that they are NOT insurance. Stating that they're not insurance means they don't have to meet the legal requirements and protections that apply to real insurance plans. In short, these plans may be fake, and you're likely to lose money on them.

Many fake plans ask for a credit card number or access to your bank accounts from which they deduct their monthly fees. It's never a good idea to give out this information! If you're dealing with a scam artist, it can be a very costly mistake indeed.

### ***How costly is it?***

The General Accounting Office reports that 144 fake health insurers sold bogus policies to more than 200,000 persons from 2000 to 2002, resulting in \$252 million in unpaid claims alone. Add to that the millions that consumers paid in fees and premiums to these discount plans.

Many of these fake companies operate in more than one state under different names -- names that often sound very much like real insurance companies. Many companies go out of business in one state, only to appear with a new name in another state. Overall, their numbers are still growing.

## ***How can I become part of the solution?***

Watch for any of these warning signs before buying a health discount plan. Stay away from a plan if the agent or salesperson:

- is reluctant to answer questions about the company, including its address, ownership, how long in business, and complaint history.
- asks you for detailed personal or financial information that is not needed to write health insurance.
- insists on cash payments, credit card numbers, telechecks, or debit card numbers.
- tells you that this is a “one-time offer” or your “last chance for special savings.”

### ***Other warning signs include:***

- the plan costs considerably less than what other companies are charging.
- the advertisements or salesperson boasts that they will insure everyone, regardless of history or risks.

## ***Know the facts.***

- 1. Fake discount health plans are clever scams designed to steal your money.*
- 2. This problem is everywhere and the number of victims is growing.*

## ***Be part of the solution.***

*Be on the lookout for fake plans, don't buy into them, and report them to the State of Connecticut Insurance Department!*

*Call Toll-Free*  
**1 (800) 203-3447**



The Connecticut Department of Consumer Protection and the Connecticut Insurance Department have created a **Discount Health Joint Task Force** to attack this problem.

Discount providers that operate illegally, or that use deceptive and misleading marketing practices will be pursued and prosecuted to the full extent of the law.

If you think you may have already been solicited by or purchased fraudulent health insurance or a discount health program, please contact the Connecticut Insurance Department at 1-800-203-3447.

**STATE OF CONNECTICUT**



**M. Jodi Rell**  
Governor

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Learn how to avoid this growing consumer scam.  
[Become part of the solution!](#)

*Information from the  
Discount Health Joint Task Force  
a program of*

**STATE OF CONNECTICUT**

**Insurance Department**  
*Susan F. Cogswell, Commissioner*  
and  
**Department of Consumer Protection**  
*Edwin R. Rodriguez, Commissioner*