NEWS RELEASE

Wisconsin Department of Agriculture, Trade and Consumer Protection datcp.wi.gov

Know the Difference: Health Insurance vs. Discount Plans and Scams

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MADISON, Wis. – Consumers have choices, and during open enrollment periods when time is limited, it is important to understand the differences between health insurance and medical discount plans. These plans are sometimes mistaken for insurance; but in other cases, they are misrepresented by dishonest sellers.

The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and Office of the Commissioner of Insurance of Wisconsin (OCI) are partnering to educate and inform consumers during the current Medicare open enrollment period and upcoming health insurance marketplace open enrollment period, which begins November 1.

Scams

Scammers contact consumers by phone and text pretending to be associated with their current insurance company, another health service provider, or a government agency. They try to sell consumers fake insurance and medical discount plans and ask for consumers' money and personal information. If a consumer buys a plan or provides private details, their money or identity could be stolen.

- Consumers should never provide personal information like their full name, bank account details, Social Security number, or health insurance information in response to a phone call, email, text message, or form on social media – even if the contact claims they already have it and simply need the consumer to "verify" the information.

Medical Discount Plans

Legitimate medical discount plans usually charge a monthly fee in exchange for a list of providers and sellers who are willing to offer reduced prices on certain services, products, or procedures. Some discount plans charge high prices for little benefit or are very limited in what services and medications they provide discounts for. Consumers should investigate:

- Does the price of the plan, plus any extra fees, cost more than the potential savings?
- Will the plan's discounts be accepted by the specific doctors, pharmacies, dentists, and hospitals the consumer wants to receive care from?
- Is the company selling the plan being transparent about what the plan is, its benefits, and its limitations, or do they seem unwilling to provide specific details?

Dishonest businesses sometimes misrepresent medical discount plans as health insurance plans or a substitute for traditional health insurance. If a plan claims to offer unusually high discounts or is made to seem like insurance but is never called 'insurance' outright, consumers should end contact, even if they initiated the conversation.

Low-Cost Health Insurance

Plans that are promoted as "low cost" health insurance are not always what they seem to be. Before consumers choose a plan, they should know if there are coverage limitations or out-of-pocket costs. Ask these questions about any low-cost health insurance option:

- Is it a "short term," "limited duration," or "sharing ministry" plan, or another type of plan with limited coverage?
- Does the plan have a provider network?
- What services are covered, and what is not covered?

- How much will the plan pay for services that are covered, and are there limits on the total amount covered, per person, per plan, or based on the services provided?
- Does the plan cover preexisting conditions and prescribed medications?
- If a plan does not cover name brand medications, does it cover generic varieties?

Before buying any plan, consumers should always ask to receive the full details in writing and take time to carefully review those materials. Consumers should contact their preferred healthcare providers to confirm whether they will accept a specific plan, and contact the plan's seller with other questions. Consumers should resist pressure to act quickly and instead take time to confirm a plan is legitimate and beneficial to their situation.

Consumers can check with OCI to verify if an insurance company or agent is licensed in Wisconsin at oci.wi.gov/lookup.

For more information about or assistance with Medicare enrollment, consumers can visit medicare.gov or call Medicare at (800) 633-4227.

Wisconsinites can also learn about their coverage options on the individual health insurance market at WisCovered.com. Consumers are encouraged to speak with a licensed insurance agent or broker by calling (608) 261-1455 or (877) 942-6837 to get connected with a navigator, or search for a Certified Application Counselor who can assist with enrollment.

For more information and consumer protection resources or to file a complaint, visit DATCP's Consumer Protection webpage at ConsumerProtection.wi.gov or contact the Consumer Protection Hotline at (800) 422-7128 or DATCPHotline@wisconsin.gov.

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