

The National Association of Health Underwriters Position Statement on the Sale of Discount Card Plans for Healthcare and Related Products and Service

The National Association of Health Underwriters (NAHU) is America's leading professional organization of licensed health insurance producers, and our membership helps provide health insurance coverage to millions of Americans. As an association representing benefits specialists, we believe that a great deal of public education is necessary regarding the sale of discount card plans for healthcare products and related services.

Legitimate healthcare discount card plans do not provide health insurance coverage to consumers, but they do offer consumers reduced costs on certain healthcare products and services when they are purchased through designated quality providers. Many mainstream health insurance plans offer valid discount cards for certain non-covered services, such as prescription drugs, dental or vision care. Medicare also has its authorized prescription drug discount cards for seniors, and many legitimate healthcare assistance programs also include discount cards for participants. NAHU believes that these types of cards often provide valuable healthcare purchasing assistance to individuals for services or products that may not be covered by their health insurance plan.

NAHU also believes that certain stand-alone discount card programs that provide consumers with discounts on medical care or other healthcare services for a fee must be clearly understood by licensed producers and consumers. Many of these plans are marketed as nothing more than a discount card, and utilize a valid network of providers and negotiate true discounted service rates for their customers. Unfortunately, some medical discount cards have been found to be fraudulent products that do not provide consumers who have paid the fees to use them with any discounted medical care benefits. In addition, some other medical discount plans are frequently marketed to consumers regardless of their health insurance status and such plans are misleading to consumers. Some of these plans fraudulently claim to provide insurance coverage, when they actually provide no financial protection in the event of a serious medical situation. Others use terminology that is commonly associated with health insurance products in their solicitations, which may give consumers the false impression that they are purchasing health insurance coverage or have some type of other financial protection if a catastrophic medical event occurs. Furthermore, some discount plans charge excessive fees for the use of their services, and the cost of using the card may exceed the value of the discount provided. In some cases, an individual might be able to purchase true medical insurance coverage for a comparable price. Individuals who are encouraged to drop existing health insurance coverage in favor of a discount plan or program may jeopardize their future insurability.

NAHU is opposed to any type of healthcare discount program that purports to give consumers a reduced rate for healthcare services when in fact it does not. NAHU believes that state consumer protection authorities should take aggressive action against

any entity or individual that offers or sells sham discount plans. We believe that any discount card program that actually provides healthcare consumers with lower rates on products or services should be clearly marketed as such. In addition to not falsely using the term “insurance”, we believe that such plans should not use any health insurance terminology in product promotions to avoid giving consumers a false impression. State consumer protection authorities should take action against any entity or individual who offers or sells a product that deliberately claims to be health insurance when it is not.

NAHU believes that consumers should use caution when purchasing healthcare discount plans and take steps to ensure that the products they are purchasing are both legitimate and a sound value. Furthermore, we believe that all licensed health insurance producers that assist with the sale of healthcare discount plan products have the obligation to

- educate their clients about such products,
- explain that they are not the same as health insurance coverage,
- ensure that any discount plan they sell provides both value to the consumer and is the product that best fits their client’s individual situation and needs.

While legitimate medical discount plans may not be the right healthcare purchasing option for many, it is NAHU’s view that every individual’s medical and financial situation is different. As long as a discount plan truly provides reduced rates and is clearly marketed as a discount card program, as opposed to a health insurance product, it can be a legitimate healthcare purchasing option. Examples of consumers that might benefit from a medical discount program include, among others, individuals with high-deductible health insurance coverage, individuals with consumer-directed health plans, and individuals who would like to utilize health care services but are unable to afford a traditional medical insurance plan.

There is no one solution for providing access to healthcare that will perfectly meet every single American’s needs. NAHU believes that individuals have the right to choose the healthcare delivery products that best suit their personal situations, and that health insurance professionals that assist with such transactions should provide advice that ensures that each consumer buys the product that best meets his or her individual needs.