

Discount Health Cards:

**What are they and
how do they benefit
you?**



A Consumer's Guide
to Choosing the Best
Card and Company



CONSUMER HEALTH ALLIANCE
PROTECTING CONSUMER ACCESS
TO DISCOUNT HEALTHCARE PROGRAMS

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About the Consumer Health Alliance



The Consumer Health Alliance (CHA) is the national trade association of the discount healthcare industry. Our member companies make healthcare products and services, including prescription drugs, dental, chiropractic, medical and eye care services, physician/hospital and ancillary services, available to millions of Americans by providing opportunities for consumers to directly purchase healthcare services and products at discounted retail rates.

We created this guide to help you identify legitimate discount health card programs and companies.

Consumer-Driven Healthcare Movement

Our nation is in the midst of an unprecedented healthcare crisis.

An estimated 45 million* Americans are without healthcare coverage, and that number is increasing each year. Nearly three-quarters of those uninsured are families where at least one member is working full-time.

Among those with insurance, benefits are being cut, co-payments are going up, and families are faced with difficult decisions about which healthcare products and services they can afford. These problems are only going to grow as health insurance rates continue to rise by an estimated 10-15 percent or more a year.

In fact, about one out of every four working-age Americans skip recommended medical care – either by not filling a prescription or avoiding tests or treatments – because they can't afford it. Unfortunately, these individuals often face more serious health issues later on in life.

The discount health card industry has grown to serve more than 21 million consumers across the U.S. because consumers seek cost-effective solutions to their basic healthcare needs.

*According to the U.S. Census Bureau 2003 data

Why Choose a Discount Health Card?



Discount health cards are NOT insurance.

Discount health cards enable consumers to purchase healthcare products and services from providers at discounted prices, similar to the rates that healthcare providers charge wholesale customers such as preferred provider networks (PPOs) or large insurance plans.

Many consumers choose a discount card to complement their health insurance program, filling in gaps, such as prescription drug benefits, chiropractic care, dental or vision care.

Discount health cards have gained popularity because they provide consumers access to the healthcare they need without the limitations, exclusions and paperwork associated with insurance plans.

In addition, discount health programs typically include the cardholder's entire household.

How You Benefit with a Discount Health Card

Discount health programs, or discount benefits cards as they are sometimes called, were created to help bridge the gap for consumers burdened by the increasing cost of healthcare by providing opportunities to directly purchase healthcare services and products at discounted retail rates. *Discount cards offer:*

Access: Individuals and families without insurance can use discount programs to receive access to and substantial savings on health care services such as doctor visits, hospitalization, prescription drugs, eyeglasses and dental care that they might otherwise not afford.

Savings: Those with limited insurance, the "underinsured," and insured individuals with high deductibles can reduce out-of-pocket expenses and receive discounts for services not normally covered by insurance such as chiropractic care.

Choice: In some cases, consumers with discount health cards pay less for services such as dental and vision care than those covered by traditional insurance plans.

Convenience: Discount programs offered by CHA member companies are accepted at some of the nation's largest healthcare retailers including national pharmacy and optical chains. While each program varies, CHA member companies offer programs with providers that include:

- Pearle •LensCrafters •Medicine Shoppe
- Eckerd's •Safeway •Wal-Mart •Sears
- Target, and many more!

Affordability: While insurance rates have increased at double-digit rates over the past 12 years, discount card providers have kept their rates virtually unchanged.

Frequently Asked Questions

What are discount health cards?

Discount health cards provide one part of the solution to the nation's healthcare crisis by enabling consumers to purchase healthcare products and services at discounted retail rates. Discount health cards are not insurance and are not intended to replace insurance. In fact, many consumers choose a discount card to complement their health insurance program, filling in gaps such as prescription drug benefits or vision care.

What types of services are typically included by discount health cards?

Discount health cards include a wide range of services and products including dental services, prescription drugs, vision care, chiropractic procedures, hearing care, physician/hospital & ancillary services, nurse medical information lines, vitamins and emergency care for travelers. Choose a program that offers discounts on services that you need and that you will use.

Who should use discount health cards?

The wide array of choices in the discount health card industry and the many discounts available make it possible for everyone to enjoy the benefits of discount health cards. Discount health cards are designed to provide benefits for a wide-range of consumers. For individuals and families without insurance, discount health cards offer substantial savings on healthcare services such as doctor visits and on everyday health related expenses including prescription drugs, eyeglasses and dental care that they might otherwise not afford.

For those with limited insurance, the "underinsured," and insured individuals with high deductibles, discount health cards can reduce out-of-pocket expenses and offer discounts for services that may not be covered by insurance such as chiropractic care.

In some instances, discount health cards for ancillary health services and products such as vision, dental and chiropractic care offer services at overall out-of-pocket costs lower than insurance co-payments.

For these reasons, many of the country's Fortune 500 companies now offer discount health cards to their employees as part of their benefits packages.

How do consumers get discount health cards and how do the cards work?

You can obtain discount health cards either through your employer, an association, union, or another entity with which you are connected or you can go directly through a reputable discount healthcare program, such as those associated with Consumer Health Alliance.

Signing up for a card is easy. Complete an application and pay a nominal monthly fee. In some instances, your employer will pay the fee. To access care and receive savings, a cardholder must simply provide the card to a participating provider at the time health services are rendered and pay the discounted fee.

How do discount healthcare programs offer such benefits?

Discount healthcare programs enable members to access similar rates that healthcare providers charge wholesale customers such as preferred provider networks (PPO) or large insurance plans. The difference is that instead of financing the medical expenses of members by charging high monthly rates, consumers agree to pay a discounted fee to the provider directly at the time of service.

What is the difference between discount health cards and health insurance?

Discount health cards are not insurance. Card companies who indicate otherwise are not being truthful. Unlike health insurance, there is no sharing of risk by the consumer and the discount healthcare company.

Discount health cards afford consumers the opportunity to directly purchase health care services and products from providers at amounts discounted below their retail rates. Cardholders are required to pay the provider's discounted fees in full at the time healthcare services are rendered or as dictated by the provider's agreement. Consumers are free to make their own choices about which services to purchase and from whom to make those purchases.

Insurance plans, on the other hand, define specific benefits available to the consumer at rates determined by the plan purchaser. Insurance plans also pay health care providers on behalf of the consumer.

Frequently Asked Questions

I recently opened a Health Savings Account (“HSA”) in conjunction with my high deductible insurance plan. Why would I consider having a discount health card, also?

Consumers often compare policy premiums, deductibles, out-of-pocket limits and tax savings when shopping for health insurance plans but they often place less importance on the details of what a policy actually covers and pays. Since HSAs are relatively new, we encourage consumers to get detailed information about their insurance plan from the plan administrator or insurance carrier and to visit the United States Department of the Treasury website at www.ustreas.gov to learn more about HSAs.

Some analysis is simple. For example, if your qualified HSA, high-deductible low-premium insurance plan does not provide dental, vision, pharmaceutical benefits or coverage for family members, then a discount health card could be complementary to your insurance plan. A discount health card may help you save on expenses within your deductible or out-of-pocket limit while at the same time being paid for from your tax-free HSA funds.

After reviewing all these and many other issues, only you can make the best decision for you and your family's health care needs.

Do I still need insurance if I have a discount health card?

That's a decision each consumer must make. Discount cards and insurance plans frequently provide complementary benefits. That is why many of the nation's leading companies offer their employees both insurance plans and discount cards. CHA strongly recommends that each individual evaluate his or her own health needs and the various benefits offered by each type of program.

How can consumers be assured the discounts they are receiving are real?

CHA member companies enable consumers to access similar rates that healthcare providers charge wholesale customers such as preferred provider networks (PPO) or large insurance plans. The discounts are typically calculated from the providers' retail rates.

Why has there been controversy surrounding some discount health card providers?

Millions of consumers have embraced discount health cards because of their value and simplicity. This popularity has led a number of companies to enter the discount health card business. Unfortunately, not all of them are reputable. Some card providers charge steep up-front fees or promise dramatic savings they can't deliver, while others bombard consumers with misleading and confusing sale pitches.

CHA was created, in part, to educate consumers about the benefits of consumer discount cards and, just as importantly, about the dangers of disreputable companies who attempt to prey on consumers. CHA attempts to inform consumers as to how they can identify vendors in the discount health card industry that adhere to the pro-consumer standards CHA advocates.

How is CHA educating consumers about discount card programs and vendors?

CHA has developed background informational and educational materials for consumers and media. These materials are available on our website at www.consumerhealthalliance.org.

CHA's Checklist for Choosing a Discount Healthcare Program

- Does the company have clear and understandable disclosure materials that specifically define benefits, terms and discounts?
- Does the company have a toll-free number and/or website where you can obtain additional information about benefits and providers?
- Does the program have a reasonable complaint resolution and refund policy?
- Do the materials clearly state that the discount health card is NOT insurance?

Frequently Asked Questions

How can you tell if a discount card provider is reputable?

In addition to this checklist, we recommend consumers look for the Consumer Health Alliance (CHA) logo on the company's marketing materials. CHA helps protect consumers' rights to choose affordable and viable health care programs and products through education, advocacy, and has established an industry-wide Code of Conduct.

Each CHA member is required to abide by CHA's Code of Conduct. The Code of Conduct is the centerpiece of our activities to recognize and promote good business practices within the discount healthcare industry, to secure and protect consumers' rights to access affordable healthcare and to inform the public about the benefits that discount healthcare companies offer to millions of Americans.

What specifically does the Code of Conduct cover?

The Code of Conduct sets baseline standards to help ensure that discount healthcare programs conduct their activities with integrity, fairness and accountability.

The Code of Conduct mandates that member companies fully and completely DISCLOSE the consumer's contracted discount. In addition, the Code of Conduct outlines acceptable practices related to consumer marketing, customer service and complaint resolution, among other critical items.

Most importantly, CHA hopes that membership in the association becomes a sign that consumers can look to with confidence in determining the integrity of discount healthcare programs. Adherence to the Code of Conduct is required for organizations to be members of CHA.

9 Tips for Shopping for a Discount Health Program

- 1** Shop around. Every program (card) is different. Find the program that offers the benefits and services that best suit your needs at a reasonable price.
- 2** Make sure the discount program has clear and understandable disclosure materials that specifically define benefits, terms and discounts.
- 3** Look for programs that provide toll free numbers and/or websites where you can obtain additional information about the card's benefits and providers.
- 4** Read the program's complaint and refund policies carefully to determine if they are reasonable.
- 5** Make sure the program's materials clearly state the **discount card is NOT insurance**.
- 6** Be sure the card's benefits do not duplicate your current health insurance policy or other health benefits offered by your employer.
- 7** Be wary of any program that requires large up-front fees.
- 8** Read all materials carefully.
- 9** When in doubt about a discount healthcare program, check the company out with your local Better Business Bureau, State Insurance Department or State Attorney Generals' office.

Questions about CHA? Visit our website at: www.consumerhealthalliance.org to learn more about our member companies and the vital role they play in helping to reduce healthcare costs for you and your family.