

Consumer Alert, Issued 4/4/2012: Limited Medical Benefit Insurance Plans/Mini-Med Plans

What is a Limited Medical Benefit Insurance Plan or Mini-Med Plan?

A limited Medical Benefit Insurance or Mini-Med plan is NOT comprehensive major medical health insurance. Unlike a traditional insurance policy, with a Mini-Med plan, there's no limit to how much you might have to pay for medical expenses. Not all Mini-Med plans are the same. Some offer a very low level of health insurance coverage. If you have too little insurance, you increase the risk you'll have to borrow money or face bankruptcy if you have a costly illness or injury. Most Limited Medical Benefit or Mini-Med Plans cap the annual amount they will pay for medical expenses, leaving you responsible for the rest.

*These plans come in many varieties, so please
READ THIS ALERT AND SHOP CAREFULLY before you buy.*

How do I know if I'm buying a Limited Medical Benefit or Mini-Med Plan?

These plans are often sold as a "cheap alternative to major medical health insurance." Some common phrases often found in advertising for Limited Medical Benefit or Mini-Med plans are:

- Real health insurance
- Guarantee issue or acceptance
- No pre-existing conditions
- Premium offer is only good for limited "open enrollment" period
- Designed to pay for smaller, more common claims
- Affordable health insurance

Look past these sales pitches. Before you buy, be sure the policy offers the benefits and protections important to *you*. **Ask the agent:**

- For the full name and address of the insurance company underwriting the coverage.
- For his/her full name, address and National Producer Number (NPN). *Be sure the agent is licensed in your state and appointed by the insurance company.*
- For a written outline of coverage.
- To fully explain how much of your monthly cost is actual insurance premium vs. other fees and charges.
- To fully explain all insurance benefits, limits and exclusions.

If you have doubts or questions or if it seems too good to be true, contact the South Dakota Division of Insurance.

What do I look out for?

- Offers for health insurance that MIGHT NOT BE HEALTH INSURANCE.
- Offers that require Association Memberships.
- Unsolicited calls, emails or faxes.
- Any annual limits on what the policy covers.

Many people and companies that promise health insurance for a low price don't intend or aren't able to provide coverage. Some warning signs are:

- Medical Discount Card or Pharmacy Discount card that are sold as insurance.
- Terms like "innovative" and "cost effective."
- Ads or websites that use the terms listed in this alert.