

Maryland Insurance Administration

REGISTRATION OF DISCOUNT MEDICAL PLANS AND DISCOUNT DRUG PLANS IN MARYLAND FREQUENTLY ASKED QUESTIONS (FAQs)

Why are Discount Medical Plans and Discount Drug Plans now required to register with the State of Maryland?

Beginning October 1, 2007, The Acts of 2007 (the "Act") of the General Assembly of Maryland requires Discount Medical Plan Organizations and Discount Drug Plan Organizations (hereinafter collectively referred to as "Discount Plans") to register with the Maryland Insurance Administration ("Administration"). The Act, codified in **Title 14, Subtitle 6**, Insurance Article, Annotated Code of Maryland, defines certain terms and sets forth requirements for Discount Plans doing business in Maryland.

Discount plans that are not offered by insurers, non-profit health service plans, health maintenance organizations (HMOs) or dental plan organizations that are licensed to do insurance business in Maryland **must register** with the Administration.

Insurers, non-profit health service plans, HMOs or dental plan organizations that offer Discount Plans **must notify** the Administration in writing that Discount Plans are sold, marketed or solicited in the State.

What constitutes a Discount Medical Plan or a Discount Drug Plan?

In short, Discount Medical Plans contract directly or indirectly with health care providers or provider networks to provide medical services at a discount to plan members. Similarly, Discount Drug Plans contract with providers or networks to provide pharmaceutical supplies, prescription drugs, medical equipment and other supplies at a discount to members.

These plans may be structured to look like insurance, but they are not insurance and don't pay health care costs like most insurance plans.

Is the Medicare Prescription Drug Program Considered a Discount Drug Plan?

No. The requirements of Title 14, Subtitle 6, Insurance Article, Annotated Code of Maryland, **do not** apply to Medicare Prescription Drug Plans (Part D) or to a State Prescription Drug Plan.

How are discounts obtained?

Each Discount Plan must provide a plan member or plan member's family a discount card. Members present the card to their providers to receive discounted services, supplies, drugs and related care. The discount card includes important information for the plan member including the provider networks that participate in the plan.

Do Hospitals participate in Discount Plans?

No. In Maryland hospitals can not accept discount cards or offer discounted services to Discount Plan members. Maryland law requires that hospitals charge all consumers (patients) the same amount for the same services.

A registered Discount Plan must also file with the Administration annually an updated list of persons or companies authorized to sell, market or solicit a Discount Plan on its behalf.

If you have any questions, contact:

Maryland Insurance Administration
Company Licensing Unit

Phone: 410-468-2104

Fax: 410-468-2112

Email: colicensing@maryland.gov

Documents and Fees should be submitted to:

Maryland Insurance Administration
Company Licensing
200 St. Paul Place, Suite 2700
Baltimore, MD 21202

Are there other requirements for Discount Plans?

Yes. The law provides that Discount Plans comply with certain other requirements including disclosure of information, advertising, provider access and cancellation of membership. These requirements are explained in detail under Title 14, Subtitle 6 of the Insurance Article and Code of Maryland Regulations (“**COMAR**”) **31.10.24**. Additional guidance and discussion of Discount Plans may be found in the Administration **Bulletin 08-36**, issued January 2, 2009.

What are nominal fees and how do they apply to Discount Plans?

In accordance with Title 14, Subtitle 6, Insurance Article, Annotated Code of Maryland, and as specified in COMAR 31.10.24, Discount Plans conducting business in the State of Maryland may retain a **nominal fee** when a consumer cancels his or her plan membership within the first 30 calendar days after the effective date of enrollment.

The nominal fee amount and circumstances under which it may be retained must be disclosed by the Discount Plan in all marketing materials relating to an application or contract soliciting prospective members, including all printed materials, brochures; and websites.

However, the nominal fee may not be retained unless the Discount Plan has filed its nominal fee with the Insurance Commissioner and the fee has been approved. Discount Plans may notify the Commissioner by submitting a letter (by mail or e-mail) that includes: 1) the amount of the nominal fee; and 2) the actual expenses incurred for issuing a plan member's discount plan card, including the cost of creating the card and the cost of mailing the card.

The amount of the nominal fee a Discount Plan may retain has been determined by the Insurance Commissioner to be the lesser of \$5.00 (five dollars) or the actual expense incurred by the Discount Plan to issue a plan member's discount medical plan and/or discount drug plan card.

Who is the State Contact for questions about the registration of Discount Plans?

If Discount Plan organizations have questions about registration with the State or the filing of registration and related materials, they should contact the Coordinator of Compliance and Enforcement of the Maryland Insurance Administration at 1-800-492-6116.

Who is the State Contact for Consumer questions about the sale of Discount Plans?

If Consumers have concerns about a representative of a Discount Plan and the manner in which a plan was offered or sold to them, they should contact the Chief Enforcement Officer of the Maryland Insurance Administration at 1-800-492-6116.

If there is concern about the legitimacy of a plan or if fraud is suspected, contact the Maryland Attorney General's Consumer Protection Division at 1-888-743-0023.

To find out if any complaints have been filed against a particular Discount Plan, call the Maryland Attorney General's Health Advocacy Division at 1-877-261-8807.