

Scam Alert: Don't Get Bilked by Phony Medical Discount Cards

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For several years, telemarketers from sister companies National Health Care Discount and ASP Inc. made unsolicited calls pitching medical discount cards. Sign up, the callers promised, and you'd get low-cost prescription drugs, vision and dental exams, and other health benefits.

Most of the older enrollees who paid monthly fees of up to \$110 did receive health care discounts. But once the companies had obtained customers' credit card and bank account information, "additional money was stolen from their accounts through monthly billings and other unauthorized drafts," says Steve Howe, district attorney of Johnson County, Kan. "And in many instances, these withdrawals continued after [the enrollees] had died or were placed in nursing homes—and their estates continued to be billed."

Howe prosecuted four officials of the companies, and all have pleaded guilty to multiple felony and misdemeanor counts and are awaiting sentencing. Three of them remain in custody on \$1 million bonds.

Howe estimates that as many as 15,000 older Americans were bilked by the two companies, and asks those who signed up to call him at 913-715-3003.

Immune to regulation

Unfortunately, other deceptive medical discounters continue to fly under the radar.

"As many Americans—and especially senior citizens—look for affordable health coverage, medical discount card scams are spreading like poison oak," says Jim Quiggle of the Coalition Against Insurance Fraud, a consumer watchdog group. "That's because these programs are not health insurance at all. And state insurance regulators are only beginning to assume responsibility over them."

Legitimate health discount plans provide subscribers with a prearranged discount on out-of-pocket payments for doctor visits, hospital stays, prescription drugs and other health care needs.

But other plans that present themselves as health insurance or a functional equivalent are nothing more than additional cases in an epidemic



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of [bogus health coverage programs](#). The Consumer Health Alliance, a trade group representing companies that sell such cards, has a [guide to shopping for a medical discount program](#).

Don't be duped

Among the red-flag warnings:

- Advertisements on TV and the Internet that use “weasel words.” “They may not use the word ‘insurance,’” says Quiggle, “but imply it with terms such as ‘guaranteed coverage,’ ‘health benefits,’ ‘health protection’ and ‘no preexisting conditions excluded.’”
- He says deceptive faxes and telemarketing are also common marketing techniques.