



West Virginia Offices of the Insurance Commissioner

Consumer Alert

Not All Health Plans are the Same, Know What You're Signing up For

As the cost of health care continues to climb, many people are looking for new coverage options. While consumer protection laws govern many types of health coverage, like plans purchased through an employer or through the Health Insurance Marketplace, other types of plans aren't required to protect consumers in the same way. Consumers who use health care sharing ministries (HCSMs), discount plans, or risk-sharing plans can best protect themselves by understanding the coverage they participate in.

Health Care Sharing Ministries

When talking to neighbors or searching online, you may hear about HCSMs. HCSMs are organizations in which the members share the costs of health care. Usually these members have common ethical or religious beliefs. However, before you sign up for an HCSM, there are some things you should know:

-) HCSMs do not have to comply with the consumer protections of the federal Affordable Care Act (ACA), like covering treatments for pre-existing conditions or capping your out-of-pocket costs.
-) HCSMs are not insurance, and they can't guarantee payment of claims. That means that while they may share funds with members who have health needs, they are not legally required to do so.
-) State insurance regulators don't supervise HCSMs.
-) HCSMs usually don't have provider networks, so members may be charged full price by doctors and hospitals, rather than the lower negotiated rates charged to consumers who have insurance coverage.
-) HCSMs may provide value to some, but they pose a risk to others because they often provide limited benefits.

How HCSMs Work

A member will typically contribute a monthly payment to cover the qualifying medical expenses of other members. The HCSM will match paying members who need the health care funds or pool all the monthly shares and administer payments to members directly. Some people look to HCSMs because of their typically lower up-front costs compared to ACA plans.

According to one online source, enrollment in HCSMs has increased to nearly one million members as of 2019.

So far, there are 30 states where state law explicitly exempts HCSMs from insurance regulation. The remaining 20 states and Washington, DC don't contain an explicit exemption for HCSMs under state law.

Discount Plans

You might receive advertisements from plans offering discounts on health care for a monthly fee. These are not health insurance plans, and participants do not have the same protections as under licensed health insurance plans. Insurance commissioners strongly recommend that you thoroughly investigate any plan promising deep discounts for a "low" monthly fee and weigh the benefits against the cost carefully.

Non-Licensed Risk-Sharing Plans

You may receive offers to join a group or association that will take your monthly payments, put them in a savings account (or trust) with other participants' money, and then help pay some of your health care costs, as needed. Such arrangements are not insurance and the participants do not have the protections available to purchasers of licensed insurance plans. State insurance regulators strongly recommend that you thoroughly investigate such plans before joining.

HCSMs, discount plans, and risk-sharing plans are not insurance plans! Before signing, be sure to understand how the program works and what benefits you or your family can count on.

More Information

For more information about any type of insurance, or are concerns about a call you have received, please call the West Virginia Offices of the Insurance Commissioner Consumer Services Division at 1-888-879-9842, or visit our webpage at www.wvinsurance.gov .