

# HEALTH CARE NEWS

A Monthly Publication From the New York State Attorney General's Health Care Bureau

Eliot Spitzer  
Attorney General  
New York State



## SAVINGS FROM MEDICAL DISCOUNT CARDS QUESTIONED

Attorney General Eliot Spitzer recently announced settlements with two companies that deceptively promoted medical discount cards to New Yorkers struggling to pay their medical bills.

"As health care costs continue to soar, consumers throughout the nation, especially the 40 million uninsured, are looking for ways to obtain more affordable health care," Spitzer said. "Medical discount cards can offer some savings, but they are clearly not an alternative to health insurance."

The two New York City-based companies, U.S. HealthCard and Medisavers, Inc., sold discount cards throughout the nation and New York State, touting savings of up to 90 percent on health care services such as dentist office visits, ER admissions, surgery, and prescription drugs, and access to thousands of health care providers. A joint investigation by Spitzer's Health Care Bureau and Consumer Frauds Bureau, however, revealed that the companies exaggerated the savings on medical services, failed to disclose critical information that increased the costs of their programs to consumers, and overstated the number of doctors, hospitals and pharmacies available in their programs.

"Attorney General Spitzer's action against deceptive practices of medical discount cards and his effort to educate consumers comes in the nick of time, especially for seniors who are turning to these cards to eke out whatever savings they can on prescription drugs," said Michael Burgess, Executive Director, New York Statewide Senior Action.

Spitzer's office reviewed the companies' subway ads, websites and direct mail, and objected to their prominent display of tremendous savings while contradicting their own



### Medical discount cards agree to change deceptive ads:

Attorney General Eliot Spitzer with Mike Burgess, Executive Director, New York Statewide Senior Action Council. Left: Health Care Bureau Chief, Joseph Baker; Director of Policy, Rashmi Vasisht; AAG, Dorothea Caldwell-Brown; and Consumer Frauds AAG, Joy Feigenbaum.

claims in fine print. Both companies also failed to inform consumers about their cards' limitations. For example, U.S. HealthCard required consumers to deposit \$1,000 per day for a projected hospital stay before they could qualify for a hospital discount. And, Medisavers, Inc. charged a 25 percent administrative fee for every medical service greatly decreasing the advertised savings.

The companies have agreed to change their advertising practices and pay \$77,000 in fines and costs. Noting that discount cards can provide savings on health care services, Spitzer also released an educational brochure, **Health and Rx Discount Cards**, to help consumers make informed decisions. "Consumers need complete and accurate information to decide whether these cards are suitable for their health care needs and will in fact save them money," Spitzer said.

## SHOP SMART FOR DISCOUNT CARDS

Before you decide to enroll in a discount card program, consider these tips :

- ✓ Discount Cards are not health insurance.
- ✓ Try to calculate your savings; they may not be significant.
- ✓ Shop around; expensive cards are not always the best deal.
- ✓ If you drop your health insurance to buy a discount card, watch out!

To learn more, get a copy of the guide to **Health and Rx Discount Cards**, by calling 518-486-9704 or by visiting [www.oag.state.ny.us](http://www.oag.state.ny.us)



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