

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Rep. Robert Tomlinson at 3:35 p.m. on March 7, 2000 in Room 527-S of the Capitol.

All members were present except: Representative Cindy Empson

Committee staff present: Dr. Bill Wolff, Research
Mr. Ken Wilke, Revisor
Mary Best, Secretary

Conferees appearing before the committee: Linda DeCoursey, Kansas Insurance Department
Robert Williams, Kansas Pharmacists Association

Others attending: See attached Committee Guest List

SB 574-Deceptive sale or promotion of health-related cash discount cards.

Ms. Linda DeCoursey, Kansas Insurance Department, was the first conferee to address **SB 574**. A copy of the Proponent Testimony is (Attachment #1) attached hereto and incorporated into the Minutes by reference. Ms. DeCoursey gave an overview of the bill to the committee which addressed the deceptive sale or promotion of health-related cash discount cards.

Ms. DeCoursey spoke to the committee relating the Kansas Insurance Departments concern for Kansas consumers, especially the elderly. With rising costs in pharmaceutical prices and health services, these discount cards are being seen as a great financial relief. Unfortunately, not all of the companies dealing with these cards are not what they seem. Many of these companies mislead the consumer into believing or assuming the product is or includes an insurance product. Ms DeCoursey explained to the committee that the Insurance Department is hoping this bill will eliminate these deceptive practices.

Ms. DeCoursey then proceeded to go through the sections of the bill and all changes the Insurance Department was proposing. There were changes made in Section 4 regarding who can sue and for what reason, waiver personal jurisdiction, choice of forum for a lawsuit, what a court can do to the violator, realm of time to sue, penalties involved, and elimination of application of other laws to the violator.

Ms. DeCoursey went on to explain **SB 574** does not prohibit the sale of discounts but does set out what is unlawful and the penalties the violator can incur. The Kansas Insurance Department feels this bill will add to the protection of the people of Kansas. With this Ms. DeCoursey stood for questions.

Questions were asked by Representatives Myers, Boston, Jenkins. Terminology was cleared up by Revisor, Ken Wilke. Questions included, incentives for businesses to take these cards, clearer statement on recover of losses and penalties incurred. With no further questions the Chairman recognized Mr. Robert Williams.

Mr. Williams, Kansas Pharmacists Association, gave Proponent Testimony to the committee. A copy of the testimony is (Attachment #2) attached hereto and incorporated into the Minutes by reference. Mr. Williams agreed with much of what Ms. DeCoursey had previously stated and included that his clients felt each card should be marked that it is not an insurance card, the way Blue Cross/Blue Shield Script Save card does.

Mr. Williams continued to elaborate on the matter explaining that there are those companies who charge a fee for their card. One such card requires a payment of \$7.95 per month. Often times the consumer is unaware of these fees. He continued on by relating many of these cards are identical in appearance to insurance cards which are confusing to both consumer and the company they are dealing with. He continued on also relating to the committee that through these misconceiving practices people are shocked to find out that they are being charged the full price of the prescription and that the "insurance card" is not paying for part of it. These programs are usually targeted at the elderly or economically under-served population who are usually dependent on medications. Many times benefits are promised or inferred to the card holder, only

to find there never were any benefits and never will be. This bill is designed to address these concerns. Time, money and confusion will be saved by the passage of this bill.

Mr. Williams then proceeded to cover the changes in the sections mentioned above. He continued to explain to the committee his discussions with the pharmacists indicating they have "never noted an instance where a patient has received a discount of 40% to 50 % on the cost of the patient's prescription by using the discount card. Rather, they have advised there are more often instances where the price paid by the consumer is no less than the pharmacist's usual and customary price." In the end the consumer realizes there is no discount and they are thrown deeper into debt or poverty by the fees they have accumulated with these cards.

Mr. Williams then proceeded to summarize his testimony and stood for questions from the committee.

Questions were asked by Representatives Meyers, Vining, Cox, Showalter, Grant, Kirk and Chairman Tomlinson. Questions ranged from the cost of fees charged to the consumer, other states programs, if these programs were really good deals, information privacy laws, who would actually be sued, to if there was any opposition to the wording or penalty.

Mr. Williams responded to each of the committee's questions and agreed to work with the Insurance Department on any language changes.

The Chairman then addressed both the committee and the guests for any further discussions on the bill. With none forthcoming, the public discussion were closed. With this business aside the Chairman called the committee's attention to **SB 444**. The Chair asked for a motion on the bill. Representative Myers made the motion to move the bill out favorable and place on consent calendar, Representative Jenkins seconded, discussions were called for, Representative Myers said he understood the bill and was comfortable with it. A vote was taken and the motion carried.

With this business completed the meeting was adjourned. The time was 4:10 p.m.

The next meeting will be held March 9, 2000 at 3:30 p.m.

HOUSE INSURANCE COMMITTEE GUEST LIST

DATE: March 7, 2000

NAME	REPRESENTING
Bill Sneed	MGIC
Anne Spiess	Peterson Public Affairs Group
Shaulie Mason	AARP
Bob Williams	VDHA
Bob Anderson	VDHA
Kevin BAZONE	Hein/West Chrt'd
Gonda Delaney	ZS Insurance) Dept



Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

TO: House Committee on Insurance
FROM: Linda J. De Coursey, Director of Government Affairs Division
RE: SB 574 – Deceptive sale or promotion of health-related cash discount cards
DATE: March 7, 2000

Mr. Chairman and members of the Committee:

Thank you for the opportunity to discuss with you SB 574 regarding the deceptive sale or promotion of health-related cash discount cards. When the Commissioner heard about this topic, it piqued her interest regarding protection for the consumers. Consumers, particularly older citizens, are sometimes targeted for the health and prescription discount card programs, as well as the uninsured, and those who have cut back their insurance coverage to catastrophic coverage in order to save money. With the higher costs of prescription drugs and health services, these “discount cards” look even more attractive, when they tout discounts savings of 40 to 60 percent.

To be fair, there are many health-care and prescription discount card programs marketed by reputable companies (Sears; American Automobile Association –AAA; and American Association of Retired Persons-AARP). The problem arises when unscrupulous companies promise much more than they deliver, and consumers misunderstand what they are paying for or mistake the product for an insurance product. That is a deceptive trade practice under insurance law. SB 574 is an attempt to eliminate the deceptive marketing of discount cards.

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Section one of SB 574 is the definition section. It defines the “discount card”, the “health care provider”, and “person”.

Section two sets out that it is unlawful for any person to sell, market, promote advertise or otherwise distribute any discount card that: 1) does not boldly and prominently state that the discount is not insurance; 2) does not state that a contract exists with each health care provider listed; and 3) does not deliver the discounts or range of discounts advertised, regardless of the literal wording used.

Section three basically sets out the design for lawsuits and penalties: (1) WHO CAN SUE AND FOR WHAT REASON. Anyone can sue anyone to stop the selling of these deceptive cards or other provisions prohibited under this act. The person suing can also collect damages.

(2) WAIVER OF PERSONAL JURISDICTION. If one violates this act, one waives his/her right to contest personal jurisdiction of Kansas courts. (3) CHOICE OF FORUM FOR

LAWSUIT. A lawsuit can be filed where the plaintiff lives or works or where the cards were sold, marketed, promoted, advertised, etc. (4) WHAT EXACTLY A COURT CAN ORDER A

VIOLATOR TO DO. If a court finds that someone is violating this act, it shall order that person to stop. The person suing the violator needs not prove he/she actually suffered financial loss,

unless the person wants to recover "actual damages" or actual financial loss. In addition to (or instead of) this financial loss, the person suing the violator may recover \$100 per card or

\$10,000, whichever is greater; three times the actual financial loss; reasonable attorney's fees; costs; and any other relief the court deems proper. (5) HOW MUCH TIME ONE HAS TO SUE.

One has two years to sue, after discovering a violation. One may get another 180 days if the violator prevented one from suing. (6) NO MAXIMUM PENALTY; DOES NOT PREVENT

APPLICATION OF OTHER LAWS TO VIOLATOR. The penalties listed previously are cumulative and in addition to other applicable criminal, civil or administrative penalties.

Section four of the bill states that any person selling, marketing, promoting, or distributing any discount card in Kansas shall designate an agent, residing in Kansas, for service of process and register the person with the secretary of state.

Mr. Chairman and members of the committee, SB 574 does not prohibit the sale of the discount cards, but it sets out what is unlawful, and prescribes penalties, thereto. SB 574 will add protection to the consumers of Kansas. We respectfully recommend your favorable consideration of this bill.



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ROBERT R. (BOB) WILLIAMS, M.S., C.A.E.
EXECUTIVE DIRECTOR

TESTIMONY
Robert R. Williams, Executive Director
Kansas Pharmacists Association
SB 574
March 7, 2000

My name is Bob Williams, and I am the Executive Director of the Kansas Pharmacists Association. I would like to thank you for this opportunity to address the Committee on matters relating to Senate Bill No. 574.

It is our understanding that SB 574, is designed to address a growing concern among consumers and health care providers as to the proliferation of misleading consumer discount cards in the State of Kansas. In recent years, pharmacists across the state have advised us as to the increasing prevalence of misleading consumer discount cards applicable to the purchase of prescription drugs. As with all things, there are good programs and bad programs. We do not see SB 574 as adversely affecting the good programs, the legitimate prescription drug discount cards. Rather, we believe this bill's purpose is to reign in promoters/issuers of discount cards who mislead consumers as to the potential benefits of the cards.

The "discount cards" at issue purport to give consumers a discount on prescriptions and other health-related purchases. Although some cards are provided free

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of charge to the consumer, many cards require the consumer to pay an additional fee to the distributor. For example, one such card requires a payment of \$7.95 per month.

Many of these cards are identical in appearance to insurance cards. However, unlike insurance cards, the consumer is usually required to pay the full price for the product, rather than making a co-payment and having the insurance company pay the balance. These programs are often targeted at elderly consumers who are dependent on medication and living on limited incomes. Often the benefits promised these elderly consumers are never realized, which is a great cause for concern. In the words of Mark Pryor, the Attorney General for the State of Arkansas: "Some health discount cards promise a lot more than they can deliver, some are worthless and others are outright frauds." SB 574 is designed to address these concerns.

Section 2 of SB 574 requires that distributors of discount cards expressly state in bold and prominent type on the face of the card that the program is not insurance. Pharmacists have indicated that consumers often act with the understanding that the "discount card" programs are insurance, and are surprised to learn that they are paying 100% of the price for the medication. In addition, due to the similarity between insurance cards and discount cards, pharmacists often make the mistake of accepting the card based on the card's appearance, which creates a reasonable belief that the card in question evidences the consumer's insurance. By the time the pharmacist determines that the card is a "discount card," and thus a card that the pharmacy does not accept, the pharmacy has already incurred a transaction fee for electronically submitting a claim to the card's issuer.

Obviously, the time, money and confusion saved by requiring this disclosure make the legislation worthwhile.

Section 2 also requires those offering a discount card to have a "separate" contract with those health care providers listed as accepting the discount card. We believe this provision will deter misleading advertising which, for example, suggests to consumers that their local pharmacy will accept the discount card. It is not unusual for pharmacies, even though they have not signed a contract obligating them to accept such cards, to be identified in advertisements as providers who accept such discount cards. Patients who have a relationship with or live in proximity to a particular pharmacy are thus inclined to purchase the discount card, based on the mistaken belief that the pharmacy accepts it.

The third and perhaps most important aspect of Section 2 is the prohibition against discount card promoters making false and misleading claims as to the nature and significance of the discounts being offered. The marketing campaigns associated with these cards will often claim that the bearer of the card will receive up to 40%-50% off of the cost of their prescription drugs. Attached are press releases issued by the Attorneys General for the states of Arkansas, Kansas and Iowa. Each press release expresses concern regarding the truthfulness of representations made as to the significance of the discounts associated with the use of such cards.

Pharmacists who have contacted me have indicated they have never noted an instance where a patient has received a discount of 40% to 50% on the cost of the patient's prescription drugs by using a discount card. Rather, they have advised there are more often instances where the price paid by the consumer is no less than the pharmacist's

usual and customary price. Thus, the promised discounts are illusory, and in reality, consumers in these instances realize no savings whatsoever by using the discount card. And to compound the illusion, a consumer most likely is unaware that no savings are being gained by using a discount card, unless the pharmacist provides an explanation. This inequity is further exacerbated where the consumer pays a fee to obtain the card.

In summary, Senate Bill No. 574 will not prohibit the use of discount cards, and it will not penalize the issuers of legitimate discount cards. It will simply require honesty in the issuance and promotion of these cards, thereby providing protection for patients. KPhA respectfully requests that the Committee recommend the bill favorable for passage.

Thank you.

CONSUMER ALERT

from the office of
Arkansas Attorney General Mark Pryor

For release Friday, March 26, 1999

CONTACT: Perrin Jones
682-2341 or 1-800-482-8982

LITTLE ROCK - Attorney General Mark Pryor today issued a special alert directed primarily toward senior citizens, who may be offered so-called "discount cards" that supposedly give a hefty price cut on prescriptions and other health-related purchases.

"These offers sound good but consumers should be careful," Pryor said. "Some health discount cards promise a lot more than they can deliver, some are worthless and others are outright frauds."

Targeting older citizens, these offers may come in the mail or through a call by a salesperson asking to set up a meeting to explain the company's program. "The home visit imparts a sense of urgency that can lead to snap decisions," the Attorney General warned.

"Some of these cards cost hundreds of dollars a year," Pryor said. "But the promises of 40 percent or more in discounts are extremely tempting. Unfortunately, the

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purchaser often finds that their pharmacy doesn't even accept such cards."

The Attorney General said that some discount cards have been sold with promises on dental care, optometry services and chiropractic services. Too late, the buyer discovers that the service providers won't accept the card. Promises that health care professionals "will be signing up soon," lead to the sad reality that no one has even tried to enlist them.

"Consumers should take their time and check with their pharmacy and health care providers as well as with their health insurance company," Pryor said. "Senior citizens should remember that they may already receive age-based discounts and these may render any value of the cards worthless. Always find out for certain before signing up for a discount card or call the Consumer Protection Division of the Attorney General's Office."

For further information on other consumer matters, contact the Consumer Protection Division of the Attorney General's Office at 200 Catlett Prien Tower Building, 323 Center Street, Little Rock, AR 72201. The office can be reached by calling 682-2341 (Little Rock) or 1-800-482-8982. TDD service is available for the hearing impaired. The address on the World Wide Web is www.ag.state.ar.us.

STATE OF ARKANSAS
ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
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323 CENTER STREET
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CARLA J. STOVALL
ATTORNEY GENERAL

State of Kansas

Office of the Attorney General

CONSUMER PROTECTION DIVISION

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CCID Peter
Stovall
2-16-99

CONSUMER HOTLINE
1-800-432-2310

FOR IMMEDIATE RELEASE
Monday, February 15, 1999

Compiled and edited by
CAROLE A. WALTON
Special Agent

CONSUMER CORNER PRESCRIPTION DISCOUNT CARDS DON'T ALWAYS SAVE CONSUMERS MONEY

Attorney General Carla J. Stovall offers this public service to help you avoid becoming a victim of consumer fraud. Although some of the details have been changed, the cases appearing in this column are based on actual complaints. For further information or to file a complaint, please write Attorney General Carla J. Stovall, Consumer Protection Division, Kansas Judicial Center, Topeka, Kansas 66612, or call the toll-free Consumer Hotline, 1-800-432-2310. Leave your name, number and subject of your inquiry with the receptionist and an agent will return your call promptly.

Dear Attorney General Stovall:

Recently I received an offer in the mail for a prescription discount card from my credit card company. I really became interested after seeing in big, bold letters: "Save money on your prescriptions!!" After taking a closer look at the brochure and application, I saw that using this prescription discount card could save me between 10 and 60 percent on prescription drugs, hearing aids, eyeglasses, contact lenses and other medical products, for only \$7.95 per month. Because my wife and I both take medication regularly and are on a fixed retirement income, it sounded like a good deal and we signed up right away.

Unfortunately, my enthusiasm about our new prescription discount card quickly faded when I went to my local drugstore to pick up our regular prescriptions. Even though the flyer said that the card was accepted by all drugstores, my pharmacist said his store did not accept it and he could not give me the discount the card promised. Initially, I was angry with my pharmacist, but then he explained that if he gave me the "discount" associated with my prescription card, I would actually be paying more than the pharmacy's everyday price. The \$7.95 monthly fee may not seem like a lot of money, but it is too much to pay for little or no benefit. Attorney General Stovall, can you help get us the discounts we were promised?

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Dear Kansas Consumer:

After receiving several consumer complaints and information about this problem from pharmacists across the state, my Consumer Protection Division began investigating the companies which administer these discount cards, often called Prescription Benefit Management Companies, or "PBM's." The PBM's market their prescription discount cards through "sponsor" companies such as banks, credit cards, social organizations or clubs.

Some insurance companies have even acted as sponsor companies for prescription discount cards. It is important to realize that these cards are not insurance cards. While these companies promise substantial savings on prescriptions and medical supplies, there is no guarantee that their prices will be lower than the pharmacy's regular cost. Pharmacists' prices are usually based upon a formula and the base prices of drugs fluctuate. Therefore the price, based upon a your pharmacy's formula, may actually be less than the price offered with the prescription discount card for the same drug.

My Consumer Protection Division contacted the prescription discount card company and it agreed to refund all of your payments for the card. We are continuing to investigate possible deceptive practices involving these cards. If you use prescription discount cards expecting huge savings on your regular prescriptions, be aware that you may not always receive the amount of savings promised. In some situations the cost to use the card may be higher than without it. If you choose to use one of these cards, ask your pharmacist what the cost of the prescription is with and without the discount card to determine if the card is really saving you any money.

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THOMAS J. MILLER
ATTORNEY GENERAL

CONSUMER PROTECTION DIVISION
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Department of Justice

July 30, 1998

Patty Kumbera, RPh
Director of Managed Care Services
Iowa Pharmacists Association
8515 Douglas Avenue, Ste 16
Des Moines, IA 50322

Dear Patty:

Enclosed please find a copy of our August, 1998 Consumer Advisory regarding discount cards. I thought you would be interested in receiving a copy. The Consumer Advisory is a monthly column which we mail to over 2,000 newsletters and newspapers across the state. In addition, members of our office regularly do radio interviews concerning the Consumer Advisory. I have already done a radio interview with a Burlington radio station concerning this Advisory. Please let me know if you would like additional copies. Please feel free to make copies of the enclosed Advisory.

Sincerely,

WILLIAM L. BRAUCH
Special Assistant Attorney General
Director - Consumer Protection Division

/vsm

CONSUMER ADVISORY

By Attorney General Tom Miller

August 1998

Health "Discount Cards" -- A Prescription for Wasting Money?

Various companies now are offering "discount cards" that supposedly give consumers a price cut on prescriptions and other health-related purchases. Sounds good – but be careful: some health discount cards promise more than they can deliver, some are worthless, and some are outright frauds.

Discount card offers tend to target older citizens. The offers may come in the mail, or you may get a call from a salesperson asking to come to your home to explain the company's program. Sellers may make the offer sound too good to pass up, and they may urge you to make a "snap decision."

Be wary. The cards may cost hundreds of dollars per year, and some companies promise much more than they deliver. For example, companies have promised that the cards could be used for discounts up to 40% at certain pharmacies – but, after paying for a card, consumers discover that their pharmacy doesn't accept it.

Discount cards also have been sold with promises that consumers can save on dental care, optometry services, and chiropractic service. But consumers often find that their local health-care professionals don't accept the card. Some consumers have been told that their health care professional will be signing up to accept the card, only to find that no one has even approached the health providers about signing up to accept a card.

Follow these tips when you are offered a health care discount card:

- Never sign up for a prescription or health care discount card without finding out for certain that your pharmacy or health care providers accept it. Check in advance with your health providers. Also check with your health insurance company for its thoughts.
- Don't rely on sales pitches that a certain rate of pharmacies or health care providers accept the card (such as, "over 50% of pharmacies accept the card.") Touted participation rates may be misleading or simply false.
- Remember, senior citizens often already receive discounted prices from many pharmacies and other health providers. Always check with them first, and never pay large sums in advance for a discount card.
- Finally, call the Attorney General's office at 515-281-5926 to see if there have been any complaints about the company offering the card.

Consumer Protection Division • Hoover Building, Second Floor • Des Moines, Iowa 50319 • 515/281-5926

From: Richard E. Beck, P.D. <rbeck@arpharmacists.org>
To: NCSPAEMEM@NS1.INFIN.NET <NCSPAEMEM@NS1.INFIN.NET>
Date: Monday, May 17, 1999 2:53 PM
Subject: Fw: CNN article

----- Original Message -----

From: C.A. Kuykendall
To: rbeck@arpharmacists.org
Sent: Monday, May 17, 1999 1:39 PM
Subject: CNN article

Discount drug cards can hurt

Watchdogs say health, prescription cards don't always deliver on promises

May 14, 1999: 7:51 a.m. ET

NEW YORK (CNNfn) - You've no doubt seen the ads -- prescription drug and health care cards offering deep discounts for consumers.

Many claim they can save you 50 percent or more on out-of-pocket pharmaceutical costs -- an especially tempting proposition for senior citizens who spend huge portions of their income on prescription drugs and often get no help from insurance.

But some industry insiders say these aggressive marketing pitches aren't always what they're cracked up to be. And in some cases, they warn, consumers are getting less than you bargained for.

"There's a lot of [controversy] going on about these cards right now," said Richard Beck, executive vice president of the Arkansas Pharmacists Association, a critic of discount card programs. "These cards promote discounts of up to 60 percent and they are largely inaccurate."

How have they been getting away with it?

"Nobody's challenged them," Beck said.

The cards

For the most part, prescription discount cards target retired citizens, who no longer receive health care coverage from their employers. After age 65, many Americans rely on Medicare for their health care needs. But Medicare doesn't cover prescription drugs.

The programs are also marketed to the uninsured, and those who have cut back on all but catastrophic coverage on their existing health plans to save money.

In a sense, the discount cards are looking to pick up where traditional insurance and the federal government leave off.

Before paying for a discount card, check with your state consumer affairs or Attorney General's office to research any complaints against the company.

Stepping back

To be fair, there are lots of discount health card programs marketed by reputable companies.

For example, Sears, Roebuck & Co. (S), some state offices of the American Automobile Association (AAA) and the American Association of Retired Persons (AARP) offer discount prescription membership clubs.

Sears charges \$40, \$50 and \$89 a year for its discount cards, which offer a range of discounts on pharmaceuticals and dental care. Its promotional material says you can save 20 percent on brand name drugs, and up to 60 percent on generics using its cards.

But Sears spokeswoman Jan Drummond said members who call with any complaint about the program, or who simply wish to cancel their membership mid-year, get full refunds. No questions asked.

Some companies strictly offer discounts on pharmaceuticals. The need for that alone is great - the prescription drug market reached \$92 billion last year.

Increasingly, though, the card programs popping up across the country offer a smorgasbord of discounts on ancillary health services, including dental, vision and chiropractic care.

Comprehensive Health Group, for example, offers two different discount card programs that include a mixture of dental, vision, pharmaceutical and chiropractic savings.

"The marketplace for these cards has grown tremendously," said Sander Slomovic, CHG's vice president of provider relations for relations. "It's not just seniors who are buying them. These cards provide all the ancillary [services] that many Americans do not have benefits for. It's kind of like a Sam's Club membership for your health care."

He noted the discounts made possible by CHG's cards vary dramatically, but can range from 10 percent to 60 percent on average. The first visit to a therapist in CHG's chiropractic network, he said, will translate into a 50 percent savings.

Likewise, the mail-order pharmacy card "offers a very high rate of savings" for consumers since the middle man, or pharmacy, is cut out of the equation.

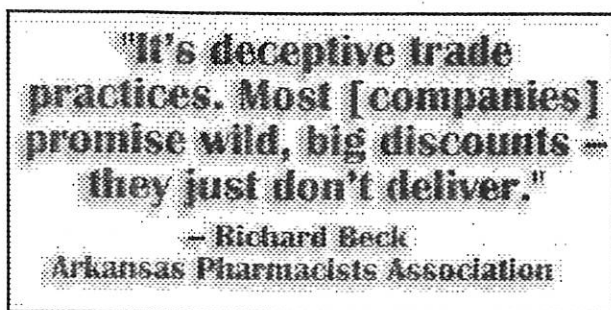
Recently, Slomovic said, medical doctors have climbed on board. Many have agreed to treat card-carrying patients at negotiated discount rates.

CGH sells its discount card, which includes all the ancillary benefits plus the physician discounts, for \$170 a year. Its card offering only ancillary benefits costs \$100 a year.

The cards are good for the whole family and come with a money-back guarantee.

Warnings

Problems arise with some card companies, however, when consumers misunderstand what it is that they are paying for – or accept the marketing pitches of these companies on blind faith.



Last summer, Iowa's Attorney General Tom Miller issued a consumer advisory to warn the public about the hazards of "discount cards."

"Be wary," it said. "The cards may cost hundreds of dollars per year, and some companies promise much more than they deliver."

It further stated that some companies promise their cards can be used for discounts of up to 40 percent at certain pharmacies. But, after paying for a card, consumers discover that their pharmacy doesn't accept it.

Moreover, some discount cards have been sold with promises that consumers can save on dental care, optometry services, and chiropractic service. But when consumers go to use them, it said, they often find that their local health-care professionals don't accept the card.

Beck, of the Arkansas Pharmacists Association, said that's been happening in his state, too. His organization, along with several senior groups, helped push through state legislation last month aimed at eliminating deceptive marketing of discount cards.

"A lot of consumers get confused and think that these are insurance cards," he said. "It's deceptive trade practices. Most [companies] promise wild, big discounts — they just don't deliver."

Beck said repeated complaints have been filed against card companies that convince consumers their local pharmacist will honor their discount. Too often, however, those discounted rates are not available to cash-paying customers or discount cardholders. Instead, they are the rates that the pharmacist has agreed to accept from larger insurance companies.

The legislation also mandated that the cards must be able to deliver the kind of discounts they advertise.

The other side

In defense of the industry, Slomovic of CHG said his company clearly states on its membership cards and recruiting literature that the discount program is not an insurance policy.

Same goes, he said, for the 100 or so discount card companies he's had contact with.

(A call to the Governor's Office of Consumer Affairs in Georgia revealed no consumer complaints have been filed against CHG.)

"I don't really know where [these complaints in Arkansas] are coming from," Slomovic said. "We caution our customers and providers as well that they can't use these cards as insurance. It's totally separate."

Tips

If you're still thinking those discounts sound appealing, by all means look into it. But use these tips from the Iowa

Attorney General as guidance:

—Never sign up for a prescription or health care discount card without finding out for certain that your pharmacy or health care providers accept it. Also, check with your health insurance company for its thoughts.

—Don't rely on sales pitches that a certain rate of pharmacies or health care providers accept the card (such as, "over 50 percent of pharmacies accept the card.") These claims may be misleading or simply false.

—Remember, senior citizens often already receive discounted prices from many pharmacies and other health providers. Check with them first, and never pay large sums in advance for a discount card.

—Lastly, call the consumer affairs or Attorney General's office in your individual state to find out if any complaints have been filed on the company offering you the card.

(You can also click here for AARP's tips on keeping drug costs affordable)

Going with a company that offers money-back guarantees can't hurt either.

—by staff writer Shelly K. Schwartz

RELATED STORIES:

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Seniors losing banking perks - Nov. 20, 1998

RELATED SITES:

AARP

National Association of Mature Citizens

Track your stocks

Frequently Asked Questions

Q.
A.

How much will I save?

Prices and savings vary, depending on the drug and the pharmacy. **ScriptSave** cardholders receive special pricing on prescription purchases through **ScriptSave Preferred Pharmacies**. If generic drugs are an option, savings may be greater than they would be for brand name drugs.

Q.
A.

What if the pharmacy price is lower than the discounted price?

Occasionally this will happen when the pharmacy has a special price for a particular drug. You will pay the lower of the two prices.

Q.
A.

Which drugs can I receive discounts on with my **ScriptSave** card?

All covered prescription drugs are eligible for discounts. There is no preferred listing to consult or formulary to show your doctor.

Q.
A.

If I travel outside my hometown, am I still eligible for my **ScriptSave** savings?

With **ScriptSave**, you can feel secure in knowing that there will always be a **ScriptSave Preferred Pharmacy** nearby to serve you.

Q.
A.

How can I find out what my savings will be?

Because drug pricing can vary a great deal, **ScriptSave** cannot quote what your price will be on a specific prescription. Likewise, participating pharmacies also cannot quote prices for **ScriptSave**.

Cardholder Service

For program questions or to locate a pharmacy near you, please call

1-800-700-3957

Weekdays 9 a.m. - 8 p.m. EST
Saturdays 10 a.m. - 3 p.m. EST

<http://www.scriptsave.com>

The **ScriptSave** program is administered by Medical Security Card Company.

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Form G200

What **ScriptSave** Cardholders Are Saying

"We really like our card. We're going through some tight times, so it makes a difference for us. Thanks!"
- Hot Springs,

"I like the ease of using it, plus the great savings."
- Knoxville, TN

"Once the card is approved by the pharmacist and is on the computer, you don't have to show my card. This has been a valuable service and I enjoy the discount. Thank You!"
- San Antonio,

"My eighty-three-year-old mother saved over 20% on six prescriptions. What a great program!"
- Winter Park,

"I've never been given a free benefit like this. I can't thank you enough for the big help this has been."
- Greensburg,

A & P
Super

ABCO

Acme
Pharm

Alberts

Alexant
Shop 'n'

All Care

Big Bea.

Biggs

Bi-Lo

Brookshir

Brookshir

Bruno's

Buttrey
Food and

City Marke

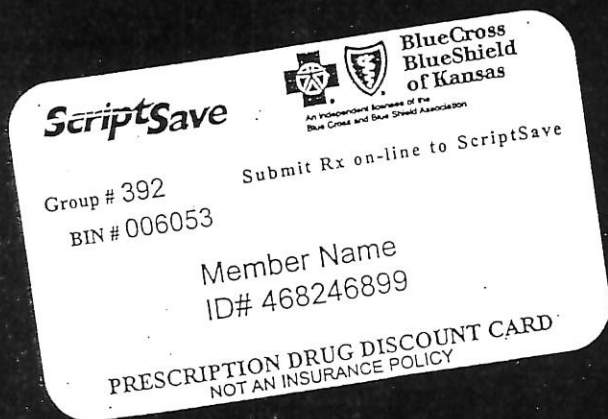


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The **ScriptSave** card is provided to you as a free service by the Plan Sponsor. It is not an insurance policy and it is not part of an insurance contract. Medical Security Card Co. and your Plan Sponsor reserve the right to discontinue this program at any time and are not responsible for the actions of any participating pharmacy.

Your No Cost Prescription Savings Card



- Your ScriptSave discount card is provided at no cost to you and is effective immediately!
- Best price on generic and brand name drugs!
- With ScriptSave, there are no fees, no waiting periods, and no pre-existing exclusions!
- No claim forms to file!
- Everyone in your household can use the card as often as needed!

Your *ScriptSave* Card Saves You Money

Your Plan Sponsor has arranged for you to receive discounts on all drugs purchased at any **ScriptSave** Preferred Pharmacy. All **ScriptSave** pharmacies have been carefully selected and have agreed to provide pricing and services which benefit you, the **ScriptSave** Cardholder.

The *ScriptSave* Best Price Guarantee

Your **ScriptSave** card guarantees you the lowest price possible on covered prescriptions you purchase. If a brand name or generic drug is available through your participating pharmacy at a lower price than the **ScriptSave** negotiated price, you will always pay the lower of the two prices.

Additional Savings

If generic drugs are an option for you (ask your pharmacist or doctor), your savings with the **ScriptSave** card may be even greater.

How To Use Your *ScriptSave* Card

Select a pharmacy from the list shown here.

STEP 1 For additional pharmacies in your area, please call Cardholder Service at 1-800-700-3957.

Have your doctor call your prescription into any participating pharmacy, or simply **STEP 2** present your existing prescription to any **ScriptSave** Preferred Pharmacy.

Give your **ScriptSave** card to the **STEP 3** pharmacist. The pharmacy will verify your eligibility and obtain the discounted cost of your prescription within seconds. Pay only the special **ScriptSave** price. It's that easy!

Medical Security Card Co., dba ScriptSave Independent Pharmacy Information Sheet (IPIS)

Please complete in order to receive a contract.

By returning this sheet to ScriptSave you are stating you agree to the terms outlined on the Plan Design Sheet and would like to review the complete MSC Participating Pharmacy Agreement.

Please PRINT or TYPE CLEARLY

Pharmacy Name: _____ DBA: _____

NABP #: _____ Phone #: _____ Fax#: _____

Street: _____ City: _____ State: _____ Zip: _____

County: _____

Is this location part of a chain? Yes No Which one: _____ NCPDP Chain Code: _____

Is this location part of a pharmacy co-op? Yes No Which one: _____

Will more than one location participate in the ScriptSave plan? Yes No Number of stores to participate _____
(If more than one location is participating, please include a store list when returning this page.)

Person authorized to sign contracts? First and Last name _____

Special Services
What special services do you provide? _____

Are you and institutional pharmacy? Yes No

Snapshot of ScriptSave

Brand reimbursement:
AWP -13% +\$2.50 (+\$1.00 administrative fee)

Generic Reimbursement:
AWP -30% or the HCFA Mac +\$2.75(+\$1.00 administrative fee)

No Fees collected when your U&C is the lowest price!

Invoicing Information
Do you want an invoice reflecting the activity of all your locations to be sent to one location? Yes No, send one to each

Address we should send the invoice

Street: _____ City: _____ State: _____ Zip: _____

To whom shall we send the invoice? First and Last name _____

ScriptSave Use Only

Bill to number: _____ Date entered into TCS: _____ Version: 100.178

Entered into locator: _____ Confirmation phone call made: _____

Main Office: 333 E. Wetmore 4th Floor Tucson, AZ 85705
Remittance address: P.O. Box 61833 Phoenix, AZ 85082-1833

**Please return to ScriptSave (520) 888-9651 or (520) 888-9654

Medical Security Card Company MSC/ScriptSave Plan Design Page for ScriptSave

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Quick Facts about MSC

- ScriptSave is a 100% co-pay program
- Cardholder is responsible for 100% of the co-pay
- Cardholder will pay the **lowest price** available for the medication, whether it is your usual and customary price or the contracted reimbursement rate.
- ScriptSave is a value-added benefit to a cardholder's policy or membership in a healthcare organization.
- ScriptSave is **NOT** a sold program.
- The ScriptSave preferred pharmacy network **excludes** CVS, Walmart, and Walgreens.
- All prescription drugs are eligible for a discount.
- There is an unlimited days supply

Help Desk

- Knowledgeable ScriptSave staff is available from 9am-9pm EST Monday-Friday and 10am-3pm EST Saturday. Please call for any assistance needed. **800-700-3957**.
- Please refer your patients to the same number for any questions they may have regarding their ScriptSave or Blue Saver card.

Reimbursement Rates

Brand: AWP - 13% + \$2.50 + (\$1.00 admin. Fee)

Generic: AWP - 30% or HCFA MAC + \$2.75 + (\$1.00 admin. fee)

Administrative Fee

- Each time a prescription adjudicates at the contracted reimbursement rates there will be an administrative fee included in the cardholders co-pay.
- This fee guarantees the cardholder the **lowest price** for the prescription.
- The administrative fee **does not** reduce your net dispensing fee.
- When your **Usual and Customary** price is **lower** than the contracted reimbursement rates, **NO FEES** will be included.
- You will be invoiced monthly for the total administrative fees collected.

Example

Contracted ingredients cost	\$10.00
Contracted dispensing fee	2.50
Administrative fee	1.00
Total fees included in co-pay	(3.50)
Total Co-pay	13.50
Amount invoiced by MSC	1.00
Your Net	12.50

#2

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