

FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

Bogus Medical Discount Plans: A Bitter Pill

No doubt about it — medical costs are rising. So it's no wonder that fraudulent telemarketers have turned to promoting medical discount plans as a new way to bilk unsuspecting consumers. The Federal Trade Commission (FTC) wants consumers to know that promoters of bogus medical discount plans and cards are doing just what they always do: following the headlines to take advantage of consumer vulnerability.

In this case, the FTC says, the fraudulent telemarketers are perpetrating an “unauthorized billing” scam on people who are simply trying to save a buck. The FTC has filed suit against several companies that claim to offer consumers medical discount plans and cards and then bill their accounts for hundreds of dollars whether or not the consumer wants the plan or card.

How the Scam Works

According to the FTC, fraudulent telemarketers are offering consumers a healthcare discount plan that supposedly will generate savings on prescription drugs and dental, vision, hearing, chiropractic, and nursing services. As part of their pitch, they lead consumers to believe that they're affiliated with the consumer's insurance company, financial institution, or state government. The agency says consumers often can get these benefits on their own for free or at minimal cost.

The tip-off to the medical discount rip-off comes when the promoter asks the consumer to “confirm” some personal financial information, like a credit card or checking account number. The FTC says the promoters do this in an effort to convince the consumers that they're simply verifying information they already have. That's not the case. Indeed, says the FTC, once the fraudulent promoters have a consumer's account information, they use it to make money by placing an unauthorized charge or debit on the consumer's account.

Protect Yourself

The FTC advises consumers not to give out personal information — including financial information like credit card or bank account numbers — on the phone or the Internet unless you're familiar with the business that's asking for it. Not only can scam artists use the information to bill your accounts without your permission, but they also can use it to commit identity theft and other types of fraud.

If you think a telemarketer has tricked you into revealing your credit card or bank account numbers, call your bank or credit card issuer immediately to block any unauthorized charges.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.