



CONSUMER HEALTH ALLIANCE

PROTECTING CONSUMER ACCESS TO DISCOUNT HEALTHCARE PROGRAMS

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CODE OF CONDUCT

October 1, 2013

I. Preamble

Millions of persons in the United States lack access to affordable healthcare services and products. Discount healthcare programs address this situation by providing consumers the opportunity to directly purchase healthcare services and products at prices discounted below contracted providers' established retail prices.

Discount healthcare programs have proven to be highly cost-effective to consumers. As a result, discount healthcare programs have expanded rapidly. Today, they have tens of millions of members and actively operate in all 50 states.

As discount healthcare program membership grows, and as discount healthcare programs play an ever more important role in providing consumers access to affordable healthcare services and products in the country, it is appropriate for discount healthcare program operators and marketers to adopt voluntary standards that establish appropriate levels of consumer protection and program integrity, and that promote competition among discount healthcare programs.

Towards those ends, the Consumer Health Alliance (CHA) and its members hereby establish this code of conduct. Compliance with the code and each of its terms is mandatory for CHA members, unless state or federal law provides conflicting requirements.

II. Code Provisions

A. Definitions

1. "Discount healthcare program" means a program that is not insurance and that provides members access to healthcare services and related products at prices that are discounted from the established retail prices charged by contracted healthcare providers.

2. "Discount healthcare program operator" or "program operator" means an entity that operates a discount healthcare program by contracting with providers or networks of providers to create the complete group of discounted services and/or products available as part of a discount healthcare program.

Consumer Health Alliance: The Trade Association of the Discount Healthcare Industry.

3. "Marketer" means a person or entity that sells or distributes a discount healthcare program, including a private label entity that places its name on and markets or distributes a discount healthcare program, but does not operate the discount healthcare program.

4. "Member" means any person participating in a discount healthcare program.

5. "Provider" means any person or entity that is contracted to provide healthcare services or products directly to members of the discount healthcare program.

B. Applicability

Discount healthcare program operators and marketers that are members of CHA must comply with those provisions of the code of conduct that are applicable to program operators and marketers, respectively. The requirements of the code are minimum requirements. Program operators and marketers may offer additional services and protections to their members as they deem appropriate.

C. Provider Agreements and Requirements

1. A program operator must require that each provider offering discounted healthcare services or products under the discount healthcare program is subject to a written agreement that:

a. sets forth the services and products to be provided at a discount, and the amount(s) of the discounts or, alternatively, a fee schedule that reflects the provider's discounted prices;

b. prohibits the provider from charging members more than the discounted prices;

c. prohibits the provider from preventing members of the discount healthcare program from participating in sales and other promotions offered by the provider to the general public which offer prices that are lower than the discounted prices set forth in the agreement;

d. requires the provider to maintain professional liability insurance of the type and in the amount that is in accordance with generally recognized industry standards;

e. requires that the provider verify that any and all licenses required by local, state, or federal agencies, boards, associations, committees, etc., have been obtained, and are maintained in an active status throughout the time the provider offers discounted healthcare services or products under the discount healthcare program; and

f. requires that the provider promptly notify the program operator if the provider loses his or her legal authority to provide services or products (e.g., if the provider's license has been suspended or revoked).

2. When a program operator contracts with a network of providers (as opposed to with individual providers), the program operator must obtain written assurance from the network that the network possesses written agreements with its providers that contain the terms described in paragraph 1 above, and authorize the network to contract with the program operator on behalf of its

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providers. The program operator must require that the network maintain and regularly provide the program operator with an updated list of providers in the network, and remove a provider from its network if the provider loses his or her legal authority to provide services or products.

3. A program operator must not charge or receive from a provider any fee or other compensation for entering into a provider agreement.

4. A program operator must maintain a copy of each active individual and/or network provider agreement into which it has entered.

5. A program operator must maintain a list of its contracted providers, and must update that list regularly.

D. Marketing Materials and Practices

1. A discount program operator must ensure that a discount healthcare program's advertising, solicitation, and marketing materials and practices do not utilize words and phrases in a manner or context that improperly implies the program is insurance, and are not otherwise deceptive, unfair, or misleading.

2. A program operator must approve all advertising, solicitation, and marketing materials to be used by marketers and take steps to halt the use of unapproved advertising, solicitation and marketing materials by marketers.

3. A marketer may only use advertising, solicitation, and marketing materials that have been approved by the program operator, and must not otherwise use any advertising, solicitation, or marketing materials or practices that are deceptive, unfair, or misleading.

4. All advertising, solicitation, and marketing materials of a discount healthcare program must clearly and conspicuously state that the discount healthcare program is not insurance or a qualified health plan under the Affordable Care Act.

5. If a discount healthcare program includes both discount benefits and insured benefits, all advertising, solicitation and marketing materials must clearly and conspicuously disclose which services and/or products are discount benefits and which services and/or products are insured benefits.

E. Membership Materials

A program operator must prepare or ensure the preparation of membership materials disclosing the following information:

1. A general description of the services and/or products offered through the discount healthcare program, the types of providers available, and the range of discounts available;

2. A toll-free telephone number and a website address where individuals may obtain lists of providers and information regarding the range of discounts or fee schedules available from providers participating in the program;

3. A statement in clear and conspicuous type that a discount healthcare program is not insurance or a qualified health plan under the Affordable Care Act and that the member must pay the entire discounted price;

4. A statement that the discount healthcare program does not guarantee the quality of the services or products offered by individual providers;

5. If a member has paid membership fees, a statement in clear and conspicuous type, that a member may cancel his or her membership within 30 calendar days of receiving his or her membership information without needing to give a reason, and will be entitled to a complete refund of all membership fees paid to the discount healthcare program; however, money paid as a nominal one-time enrollment fee, or money paid for services or benefits received under the discount healthcare program, are not subject to refund;

6. A statement that a member may file a complaint under the discount healthcare program's complaint resolution procedure regarding the availability of contracted discounts or services, or other matters relating to the contractual obligations of the program to its members; and that for complaints regarding quality of services or products, the member, upon request, will be informed of the name, telephone, and address of the agency to which the member can direct the complaint; and

7. If the discount healthcare program includes both discount benefits and insured benefits, a statement that clearly and conspicuously discloses which services and/or products are discount benefits and which services and/or products are insured benefits.

F. Operational Requirements

1. Toll-Free Number--A program operator must ensure that a toll-free telephone number and a website are made available for discount healthcare program members to obtain additional information about the program and providers participating in the program.

2. Membership Cards and Materials--A program operator must ensure that at least one membership card to serve as proof of membership in the discount healthcare program, and at least one set of membership materials, are issued to each household in which one or more persons are members. The membership card must contain a clear and conspicuous statement that the discount healthcare program is not insurance. For online memberships, a link to the card and the membership materials may be provided.

3. Enrollment Forms--A program operator must ensure that any enrollment form or other membership agreement provided to a member clearly and conspicuously discloses the duration of membership and the amount of payments the member is obligated to make. Enrollment forms and other membership agreements must contain a statement that the discount healthcare program is not insurance or a qualified health plan under the Affordable Care Act.

4. Liability Protection--A program operator must maintain reasonable insurance, cash reserves, or other means to satisfy consumer claims arising from the operation of the discount healthcare program.

5. Cancellation--A program operator must ensure that the discount healthcare program allows any member to cancel his or her membership within 30 calendar days of receiving his or her membership information without needing to provide a reason, and must refund all membership fees paid by that member to the discount healthcare program. However, money paid as a nominal one-time enrollment fee, and money paid by the member under the discount healthcare program for healthcare services or products received, need not be refunded. Refunds must be paid within 30 days of receiving a valid cancellation notice from a member.

G. Complaint Resolution

1. A program operator must ensure that a discount healthcare program establishes and operates a fair and efficient procedure for resolution of complaints regarding the availability of contracted discounts or services, or other matters relating to the contractual obligations of the discount healthcare program to its members. Routine member inquiries and information requests need not be treated as complaints under the complaint resolution procedure. For a complaint about quality of services or products, upon request of a member the discount healthcare program must provide the member the name, telephone, and address of the agency to which the member can direct the complaint

2. A program operator must ensure that a discount healthcare program maintains records of all complaints processed under the complaint resolution procedure, and includes in the records a statement of facts regarding each complaint, how the complaint was resolved, and any other material information about the complaint.

3. A marketer must promptly inform the program operator of consumer complaints concerning the discount healthcare program or the marketer's activities relating to the discount healthcare program for processing under the discount healthcare program's complaint resolution procedure. A marketer must promptly inform the program operator of government inquiries concerning the discount healthcare program or the marketer's activities relating to the discount healthcare program.

H. Compliance

The CHA may promulgate rules and procedures interpreting and applying the code of conduct, including procedures for suspending or terminating membership in CHA as a result of non-compliance with the code of conduct. Program operators and marketers must maintain records sufficient to demonstrate compliance with the code of conduct, including any applicable rules and procedures promulgated by CHA. Program operators must also maintain records sufficient to demonstrate that the promised discounts are, in fact, being provided to members of the discount healthcare program. Program operators and marketers must cooperate with any CHA review for compliance with this code of conduct.