[3 Health Insurance Options That May Fail You](https://uphelp.org/3-health-insurance-options-that-may-fail-you/)

http://www.insureme.com/health-insurance/coverage_options

If you lose of can't find health insurance coverage, help is on the way. But you'll have to wait awhile. Beginning in 2014, federal health care reform provisions kick in that will protect people who have pre-existing health conditions and others who are struggling to find health insurance.

But in 2013, many of the old rules remain in place. Those facing health insurance challenges may seek out three types of alternative coverage: medical discount plans, mini-medical plans and short-term health insurance.

These options make sense for some people. However, all three pose significant risks that can leave you exposed to paying higher medical costs. Here's a look at the potential downside of each option.

Medical discount health plans

A medical discount plan promises savings on various health care services, including doctor's visits and prescription drugs. When you sign up for a plan, you receive a list of providers that offer discounted care.

However, you should not mistake these plans as substitutes for good health insurance policies, says Cheryl Fish-Parcham, deputy director of health policy at Families USA, a nonprofit advocacy group that helps Americans find health care.

"Medical discount plans are not insurance," Fish-Parcham says. "Medical discount plans may offer a discount on drugs or doctor services, but that is very different from insurance."

Even the Federal Trade Commission FTC) has weighed in, saying that although these plans sometimes are useful, "others take people's money and offer very little in return."

The FTC has noted that these plans often are marketed as health insurance when they actually are not. In addition, although plans advertise discounts of up to 70 percent, most discounts are much smaller, according to the FTC.

In fact, you may wind up with little or no discount once premiums and enrollment fees are factored in, according to the FTC.

While these plans can cut costs on some basic medical expenses, they leave you vulnerable if you're diagnosed with a more serious illness such as heart disease or cancer or any illness that requires substantial or ongoing treatment.

"They do not protect you from high costs if you get sick," Fish-Parcham says.

Mini-medical plans

So-called mini-medical plans – also known as limited-benefit plans – are genuine insurance. They cost less than standard health insurance coverage.

So, what's the catch?

Fish-Parcham says these plans are cheap because they cap what they'll pay for a given type of care, or how much they'll pay out over the course of a year. For example, you may be limited to coverage of $250 a day for hospital stays or $10,000 a year for all services.

"Because they are so limited, you may be left with very high expenses," Fish-Parcham says.

Amy Bach also warns consumers to beware of these plans. The executive director of United Policyholders, which provides insurance information to consumers, says mini-medical plans offer low premiums, making them look attractive to unaware consumers.

Consumers "usually have no idea how little the plans pay," she says.

Mini-medical plans typically pop up in service industries such as retail and restaurants, as well as the individual market. Health care reform was supposed to eliminate these plans, but the government has granted waivers allowing some mini-medical plans to continue until 2014.

Short-term insurance

If you find yourself between jobs – and without employer-sponsored health insurance – for a brief period, you might want to consider a short-term insurance plan.

Such plans typically offer coverage for one to six months and can be renewed repeatedly over a period of months or even years. The application process typically is less rigorous than when applying for a standard health insurance policy, and approval comes more quickly.

In some cases, choosing a short-term insurance plan makes sense, Fish-Parcham says.

“They can be useful if you know for sure that you will have another way to get insurance after the period ends,” she says.

However, these plans come with some major drawbacks. For starters, the plans are intended to protect you in the event of an accident or unexpected illness. Coverage often excludes preventive care, physicals and immunizations.

In addition, care related to pre-existing conditions won’t qualify for coverage under these plans. Such plans also are not “guaranteed renewable,” a provision that promises the coverage will be in effect as long as you pay the premiums.

“So if you get sick and then try to extend the policy term), you may be out of luck,” Fish-Parcham says.

Bach says most people who lose a full-time job have a better option, particularly if they need coverage for a pre-existing condition.

“People make the mistake of purchasing a short-term policy instead of taking COBRA from their former employer,” she says.

Under COBRA – which stands for the Consolidated Omnibus Budget Reconciliation Act – you have the right to continue the full health coverage you had under your former employer’s plan, as long as you pay the full premium.

However, it’s important to remember that COBRA coverage only lasts for 18 months and is likely to be more expensive than a short-term insurance policy.