



Department of Financial Regulation and Attorney General Donovan Caution Public about Healthcare Sharing Arrangements

Press Release

For Immediate Release: October 24, 2019

Contact: Stephanie Brackin, Information Management Officer 802-828-4872, stephanie.brackin@vermont.gov

Montpelier, VT – Several weeks ago the Department of Financial Regulation (DFR) issued a [cease and desist order](#) against four entities and one individual alleged to be deceptively marketing and soliciting unlicensed health insurance to Vermonters under the guise of a “healthcare sharing arrangement.” With open enrollment starting on November 1 and running through December 15, Vermont State officials want to encourage the public to be wary of unlicensed health insurance products that promise considerably lower costs.

“I want to thank Commissioner Pieciak and his team at the Department for their quick response, which has no doubt protected Vermonters from these predatory and illegal practices,” said Governor Phil Scott. “While the cost of health care is a huge concern, there is no value to the consumer in these illegal arrangements and could only make the challenge of health care coverage worse if the entity or individual is not required to cover any potential costs,” Governor Scott said.

Vermont Attorney General T.J. Donovan applauded the department’s action. “We work every day to protect Vermonters from unfair or deceptive practices,” he said. “We’re proud to partner with the Department of Financial Regulation to make sure all Vermonters are treated fairly, especially when it comes to ensuring access to quality, affordable healthcare.”

The Governor, the Commissioner and the Attorney General want to take this opportunity to caution the public about widespread deceptive practices and unlicensed activity in this area. DFR, on behalf of the Governor, and the Attorney General’s Office will continue to monitor these practices and alert Vermonters to unfair or deceptive practices in the healthcare marketplace.

Healthcare sharing arrangements are typically marketed to closely resemble comprehensive health insurance plans, like those found on Vermont Health Connect and through licensed insurers, replete with provider networks and “gold,” “silver,” and “bronze” plan tiers. They frequently describe themselves as an alternative to health insurance but use different terms for insurance concepts (for example, “share” instead of “premium,” “need” instead of “claim”) and often structure their

advertising to lead consumers to believe that consumer “needs” (i.e. healthcare claims) will be paid and that their products are a viable alternative for “traditional health insurance” that will reduce consumers’ financial risk.

These arrangements, however, *do not guarantee payment of claims*—meaning that while they *may* share funds with members who have health needs, they are not legally obligated to do so. Their advertising materials may obscure the fact that there is no guarantee that consumers will actually be paid for any healthcare costs.

“Vermonters should be wary of so-called ‘plans’ that seem too good to be true with low costs, but no guarantees,” said Attorney General T.J. Donovan. “All Vermonters should get great care at an affordable price when they can – but there is nothing ‘affordable’ about finding out that the plan you bought just stuck you with the bill.”

“These products claim to save Vermonters money and reduce their risks related to healthcare expenses, but they actually present serious risks,” said Commissioner Pieciak. “The department and the Attorney General will continue to take a very serious look at these products, their marketing, and the entities that sell them. I encourage Vermonters to reach out to us, the Department of Vermont Health Access, or the Vermont Attorney General if approached by anyone selling similar products.”

Under Vermont law, licensed insurance agents and brokers are prohibited from soliciting or enrolling Vermonters into healthcare sharing arrangements. If you are aware of any healthcare sharing arrangements using deceptive advertising materials or engaging in the business of insurance in Vermont, or have purchased any products from such an entity or from an insurance agent, please report it immediately to the Department of Financial Regulation Consumer Services Section at 802-828-3302 or dfri.insuranceinfo@vermont.gov, or contact the Consumer Assistance Program at 800-649-2424 or ago.cap@vermont.gov.

If you are buying health insurance, the Commissioner and the Attorney General recommend that you do so through Vermont Health Connect or a licensed health insurer such as Blue Cross Blue Shield of Vermont, MVP Health Care, or Cigna. You may be eligible for federal and state subsidies that will cover a portion of your premium expenses.

If you are struggling to find or afford health care coverage, you can use the Department of [Vermont Health Access’s plan comparison tool](#).

Connect with the Vermont Department of Financial Regulation on [Twitter](#), [Facebook](#), and our [website](#) and the Attorney General’s Office on [Twitter](#), [Facebook](#), [Instagram](#), and its [website](#).

###