



Smart Buyer's Guide to Individual Health Insurance: *How to Avoid Being Misled*



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DELAWARE DEPARTMENT OF INSURANCE

The Delaware Department of Insurance is here to help if you have questions about or problems with your insurance coverage or insurance company.

Questions about insurance or complaints about an insurance company or insurance agent can be made to the Consumer Services division by phone, fax, letter, email or with an online complaint form:

Phone: 1-800-282-8611 (Toll-free in Delaware)

or 302-674-7300

Fax: 302-739-6278

Email: consumer@delaware.gov

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Visit the Delaware Department of Insurance website to find more information and tips about health insurance and the services we provide at

insurance.delaware.gov

“Protecting Delawareans through regulation and education while providing oversight of the insurance industry to best serve the public.”



Smart Buyer's Guide to Individual Health Insurance: How to Avoid Being Misled

Buying health insurance can feel overwhelming, especially with the wide range of plans and companies out there. Unfortunately, some companies or agents may use confusing language or deceptive tactics to sell you coverage that's overpriced, inadequate, or misleading.

Here's a straightforward guide to help you navigate the process confidently.

1. Understand the Basics Before You Shop

- **Know key terms:**
 - **Premium:** Your monthly payment.
 - **Deductible:** The amount you pay out-of-pocket before insurance starts paying.
 - **Copayment (Copay):** Fixed fee per doctor visit or prescription.
 - **Coinsurance:** Percentage of costs you pay after the deductible.
 - **Out-of-pocket maximum:** The most you'll pay per year before insurance covers 100%.
- **Decide what matters to you:** Do you want low premiums, broad doctor access, or strong prescription coverage? Prioritize your needs.

2. Watch Out for Red Flags

- **Too-good-to-be-true promises:** Ads offering "comprehensive coverage at surprisingly low costs" are often misleading.
- **One time enrollment fee:** There is no fee to enroll in the ACA.
- **Pushy sales tactics:** If someone pressures you to "sign today" or says "this offer is expiring now," be cautious.
- **Vague plan details:** If they can't provide a brochure, written summary, or official plan document, walk away.
- **Confusing terms like "medical discount plan" or "health sharing ministry":** These are not insurance and may leave you unprotected.



3. Ask the Right Questions

When speaking to an agent or broker, ask:

- Is this a major medical insurance plan that complies with the Affordable Care Act (ACA)?
- What's covered and not covered (hospital, ER, specialists, mental health, prescriptions etc.)?
- What are the deductible, copays, coinsurance, and out-of-pocket maximums?
- Are my doctors and hospitals in the plan's network?
- Can you send me the plan details in writing before I enroll?

4. Research the Company or Plan

- Check the insurer's rating on AM Best, Better Business Bureau, or [Department of Insurance website](#).
- Read online reviews (with a critical eye — look for consistent patterns).
- Confirm the company and agent are licensed in your state (check with your state insurance department).
 - [Licensee Lookup-Delaware Department of Insurance](#)

5. Use Trusted Sources

- Start your search at [HealthCare.gov](#).
 - Be sure to check the link often to ensure you did not get redirected.
- If buying outside the Healthcare.gov Marketplace, work with licensed agents or brokers.
- Avoid random ads on social media or through email, or cold/spam calls.



*Free printable consumer support checklist and a questionnaire included.
Use both when shopping for health insurance and speaking with agents or brokers.*

6. Be Cautious with Short-Term or Limited Benefit Plans

- Short-term plans often **exclude pre-existing conditions, maternity care, and mental health services.**
 - [Limited Benefit Health Plan Information](#)
- They may not cap out-of-pocket costs.
- Understand these plans are usually a temporary solution — not a replacement for full insurance.

7. Get Everything in Writing

- Request a **Summary of Benefits and Coverage (SBC)**.
- Don't rely on verbal promises — get written documentation of:
 - What's covered
 - Costs (including premiums, deductibles, copays)
 - Network providers
- Review documents **carefully before signing or giving out your financial information.**

8. Know Your Rights

- You can **cancel most plans within a short window** (often 10 days) if you realize you were misled.
- Report suspicious sales tactics or fraudulent behavior to:
 - **Your state insurance department**
 - **Federal Trade Commission (FTC)**

Final Tips

- Take your time — don't rush your decision.
- Compare multiple plans.
- Ask a trusted friend, family member, or local health navigator to review the plan with you if you're unsure.

By following this guide, you'll be in a stronger position to get the coverage you need — and avoid falling for scams or misleading sales pitches.



Short-Term or Limited Plan Options (Not ACA)

Plan Type	What is Covered	What is NOT Covered	Is this Major Medical?
Hospital Indemnity Policy - set dollar amount per service/room	Any hospital visit	No charges outside of the hospital and no direct payments to providers	NO
Other Fixed Indemnity Policy -set dollar amount per service per period	Any covered service	No pre-existing conditions, maternity, ambulance. No direct payment to providers	NO
Critical Illness Policy - set dollar amount per specific diagnosis	Any covered specific diagnosis	No pre-existing conditions, maternity, ambulance. No direct payment to providers	NO
Disability Income Protection Policy - set dollar amount per period	Any covered sickness	No pre-existing conditions, maternity, ambulance. No direct payment to providers	NO
Accident Only Policy - set dollar amount for specific diseases	Any covered accident	No pre-existing conditions, maternity, routine physicals. No direct payment to providers	NO
Specified Disease Policy -set dollar amount for specific diseases	Any covered disease	No pre-existing conditions, maternity, routine physicals. No direct payment to providers	NO
Specified Accident Policy -set dollar amount for specific type of accident	Any covered accidental injury	No pre-existing conditions, maternity, routine physicals. No direct payment to providers	NO
Limited benefit policy - set dollar amount for set period of time	Often doctor appointments, lab services, some hospital services	No pre-existing conditions, maternity, infertility. Mental Health/Substance Abuse Disorders	NO
Limited Scope (Vision or Dental Policy - set dollar amount for specific plan type	Limited services for coverage type	No pre-existing conditions, maternity, ambulance. No direct payment to providers	NO
Short Term Health Insurance - depending on your state may only be available for months	Limited medical services	No pre-existing conditions, maternity, infertility. Mental Health/Substance Abuse Disorders	NO



Printable: Individual Health Insurance Buyer's Checklist

	I understand key terms (premium, deductible, copay, coinsurance, out-of-pocket maximum).
	I know my priorities (low cost, broad doctor network, prescription coverage, etc.).
	I have written plan materials (Summary of Benefits and Coverage, brochure, or website).
	I verified if the plan is ACA-compliant (covers essential benefits, no exclusions for pre-existing conditions).
	I checked if my doctors, hospitals, and pharmacies are in-network.
	I understand the costs: Monthly premium, Deductible, Copays, Coinsurance, Out-of-pocket maximum
	I asked about exclusions or limits (maternity, mental health, prescriptions, chronic conditions etc.).
	I verified the company and agent are licensed in my state.
	I checked the company's reputation (AM Best, Better Business Bureau, state insurance department).
	I avoided plans that are discount-only programs or health sharing ministries if I need real insurance.
	I got everything in writing, not just verbal promises.
	I know I have a cancellation period if I change my mind.

Printable: Insurance Agent Conversation Questionnaire

1. Is this an ACA-compliant major medical plan?

- a. Does it cover essential health benefits and pre-existing conditions?

2. What are the total costs?

- a. What's the monthly premium?
- b. What's the annual deductible?
- c. What are the copays for doctor visits, ER, and prescriptions?
- d. What's the coinsurance after the deductible?
- e. What's the annual out-of-pocket maximum?

3. Which providers and hospitals are in-network?

- a. Are my current doctors and preferred hospitals covered?

4. What is not covered under this plan?

- a. Are there limits on prescriptions, mental health, maternity, or chronic care?

5. Can I see the Summary of Benefits and Coverage in writing before I enroll?

6. What is the cancellation policy?

- a. How long do I have to cancel and get a refund if I change my mind?

7. Are you (the agent/broker) licensed in this state?

- a. Can I get your first and last name with your license number?

8. Who do I contact if I have a problem or complaint after enrolling?

Please use this section to write down your notes.



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