



FOR IMMEDIATE RELEASE  
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**UPDATE**

**DMHC licenses first medical discount health plan in California**  
*Uninsured consumers needing relief from high health care costs gain major protections*

*Please note that Family Care’s previously announced discount product name (“California Choice”) is being changed in order to avoid any confusion with the CaliforniaChoice Program, also known as CalChoice -- a group health purchasing alliance which provides employers with access to health care coverage from several commercial health plans, both full service and specialty plans and carriers. The CaliforniaChoice Program is not affiliated with or related in any way to Family Care’s discount plan or products.*

(Sacramento) – The California Department of Managed Health Care (DMHC) has announced that Association Health Care Management, Inc., dba “Family Care,” has become the first medical discount health plan to be issued a license to operate in California. The license is initially valid for 24 months.

“Now, more than ever, during this time when people are losing health insurance due to the severe economic problems facing our government and employers, it is in the best interest of consumers to regulate and license legitimate discount health plans,” said Cindy Ehnes, Director of the DMHC. “Licensure will also ensure that consumers will get the promised discounts and fully understand that these products are not health insurance.”

Since 2003, the DMHC’s Help Center has received more than 925 complaints from consumers who were victims of fraudulent discount health card companies, misled into thinking they were purchasing regular health insurance or unable to find doctors who were supposedly contracted with the discount company. The DMHC has issued several Cease and Desist orders in its ongoing investigation into this growing industry, leading to the DMHC setting up a licensing structure to protect consumers and provide state oversight.

To date, the DMHC has licensed two dental discount health plans, but Family Care is the first medical discount plan. The plan offers access to a discount from a range of physician services,

(more)

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pharmacy, outpatient services (such as physical therapy and mental health), laboratory, radiology and imaging, dental, chiropractic, vision and hearing care. A membership will be offered to an entire household for a \$99 enrollment fee and monthly charge of \$99.95. Discounts will range from 5 to 40 percent for most services.

Family Care is licensed to operate throughout Alameda, Marin, Napa, Orange, San Diego, San Francisco, San Mateo, Santa Clara, Santa Cruz, and Solano counties, as well as the most populated areas of Los Angeles, Riverside, Sacramento, San Bernardino, and 41 other counties.

“For over 26 years, Family Care has provided tens of thousands of households nationwide with cost-effective discount medical programs that comprise a full range of health related services and the very best in customer service,” said Dr. Mike Rabie, CEO of Family Care. “We are proud of our achievement in obtaining a California Knox-Keene license and look forward to furthering our commitment to innovative healthcare solutions.”

Discount health cards have been heavily marketed in California in recent years. Once the DMHC began cracking down on fraudulent companies, a few companies voluntarily sought licensure. Licensure requirements currently include verification of discounts offered, legitimate contracts with doctors and other health care providers, truthful advertising, and a process for consumers to resolve disputes with the plan.

Discount health plans must ensure that contracted providers agree to charge no more than the discounted rates. Plans must prominently disclose that they are not offering insurance, but rather a discount product in which members pay providers a discounted fee, usually at the time of service. Plans must have written subscriber contracts that clearly state membership terms and conditions and how members can cancel enrollment, obtain a refund, and contact the DMHC for help if necessary. Upon licensing a discount health plan, DMHC officials conduct regular audits of plan operations.

The California Department of Managed Health Care is the only stand-alone HMO watchdog agency in the nation, touching the lives of more than 21 million enrollees. The DMHC has assisted more than 800,000 Californians in resolving their HMO problems through its 24-hour Help Center, educates consumers on health care rights and responsibilities, and works closely with HMO plans to ensure a solvent and stable managed health care system.

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