The Minnesota Department of Commerce is reminding consumers to fully educate themselves before purchasing Limited Medical Benefit Insurance, or Mini-Med Plans. Often these limited benefit plans are bare bones policies that cover specific expenses and have many more limitations than a comprehensive medical plan. Mini-Med plans may seem like a bargain, but may not always be the best or only option.

“Insurance is an important way to minimize risk and protect yourself, but it is important to understand the product before you buy,” said Commerce Commissioner Mike Rothman. “Limited Medical Benefit Insurance is not the same as comprehensive health insurance and should not be considered a substitute.”

Unlike traditional health insurance, Limited Medical Benefit Insurance has no limit to what you may need to pay for medical expenses. Many of these policies have a cap on the amount of medical expenses they cover, and the consumer is responsible for the rest. If you have a costly illness or injury and your insurance is too limited, you risk needing to borrow money or face bankruptcy.

“In Minnesota, insurance products must provide the coverage and benefits they advertise,” Commissioner Rothman said. “We intend to keep a close watch on these products moving forward, particularly as we move into a new era of health reform.”

Rothman encouraged all Minnesotans seeking medical insurance to shop carefully before buying an insurance plan. When deciding which plan is right for you, consider your current and future needs, know the limitations of the policy, and understand what will and will not be covered by the plan. Consumers should take into account the following considerations, provided by the National Association of Insurance Commissioners (NAIC), before purchasing Limited Medical coverage:

How Do I Know If I’m buying a Limited Medical Benefit or Mini-Med Plan?
Mini-Med plans are often sold as a “cheap alternative to major medical health insurance.” Some Common phrases often found in advertising for Limited Medical Benefit or Mini-Med plans are:

- Real Health Insurance
- Guarantee Issue or Acceptance
- No Pre-Existing Conditions
- Premium Offer is Only Good For Limited “Open Enrollment” Period
- Designed to Pay for Smaller, More Common Claims
- Affordable Health Insurance

Look past sales pitches and ask the agent:

- For the full name and address of the insurance company underwriting the coverage.
- For his/her full name, address and National Producer Number ("NPN"). Be sure the agent is licensed in your state and appointed by the insurance company.
- For a written outline of coverage
- To fully explain how much of your monthly cost is actual insurance premium vs. other fees and charges
- To fully explain all insurance benefits, limits, and exclusions

What Do I Look Out For?

- Offers for health coverage that might not be insurance
- Offers the require Association Memberships
- Unsolicited calls, emails, or faxes
- Any annual limits on what the policy covers

If you have questions or concerns about any insurance product or policy, contact the Minnesota Department of Commerce. The Commerce Department's Consumer Response Team can be reached by phone at 651-296-2488 or by email at consumer.protection@state.mn.us. Complaints can also be sent by mail to Minnesota Department of Commerce, 85 7th Place East, Suite 500, Saint Paul, MN 55101.