

State of Delaware



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Department of Insurance

FORMS AND RATES BULLETIN 15

HOSPITAL/PROVIDER DISCOUNT: CO-PAYS BY INSURED

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The Delaware Unfair Trade Practices Act (Title 18 Delaware Code, Section 2304(1)), prohibits any person from misrepresenting the benefits, advantages, conditions or terms of any insurance policy. Often accident and sickness policies contain a provision whereby an insured is responsible to co-pay a percentage of the expenses incurred for treatment. It has come to the attention of the Commissioner that insurers may not be correctly calculating the proper co-pay when the insurer receives a discount from a hospital or provider.

Any insurer, health service corporation or health maintenance organization which issues an accident or sickness policy or contract pursuant to which the insured, subscriber or enrollee is required to pay a specified percentage of the cost of covered services, shall calculate such amount payable based on the total amount actually paid or payable to the provider of such services for the services provided to the insured, subscriber or enrollee. Discounts received by the insurer must be passed along to the insured, subscribers or enrollees. Any insurer, health service corporation or health maintenance organization failing to administer its contracts and set forth herein shall be deemed to have committed a knowing and willful violation of the Unfair Trade Practices Act. Each claim payment found to have been calculated in non-compliance of this section shall be deemed a separate and distinct violation of the Unfair Trade Practices Act.