NISONA

National Insurance Services of North America

IMPORTANT WARNING — PLEASE READ

Fixed Indemnity Plans vs. ACA Health Insurance: What You Need to Know

Why a low monthly premium can cost you far more when you actually need care

As Open Enrollment for 2027 coverage opens on November 1, a growing problem deserves your attention: **fixed indemnity plans being sold as if they were health insurance.**

These plans are often advertised with very low monthly premiums, and they can sound like a great deal. Too many people only find out what they actually bought when they file a claim and discover the plan pays only a small fraction of the bill. By then, it is too late to fix.

What Is a Fixed Indemnity Plan?

A fixed indemnity plan is **not major medical insurance**. It pays you a set cash amount when a specific event happens, such as a night in the hospital or a doctor visit. The amount is fixed in advance and has nothing to do with what the care actually costs.

Example: A plan might pay a few hundred dollars per day in the hospital, while the actual hospital bill can run into the thousands of dollars a day. **You are responsible for the difference, and there is no out-of-pocket maximum to protect you.** Some people have been left owing most of a large hospital bill.

Warning Signs to Watch For

Be cautious if a plan or the person selling it:

- ⚠ Is advertised as an “alternative to the ACA” or “affordable health insurance” with a very low monthly premium
- ⚠ Promises “$0 doctor visits” or “no deductible,” or describes benefits as a schedule of set dollar amounts per service
- ⚠ Claims to cover pre-existing conditions without clear written details
- ⚠ Is sold as a package of several separate policies, such as cancer, accident, dental, or life coverage, so it is hard to tell what each one actually pays
- ⚠ Cannot clearly answer the question, “Is this ACA-compliant, major medical coverage?”
- ⚠ Encourages you to cancel or stop using your Marketplace plan
- ⚠ Pressures you to decide or sign up right away
- ⚠ Signs you up by phone or online and you never receive any Marketplace paperwork

> **Why are these plans pushed so hard?** These plans often pay agents much higher commissions than ACA coverage, which can influence what gets recommended. At NISONA, we do not sell them as a replacement for health insurance. If a plan is being sold to you as a way to skip ACA coverage, that is a reason to slow down and ask questions.

Side-by-Side Comparison

	Fixed Indemnity Plan	ACA Marketplace Plan
Type of coverage	Supplemental. Pays cash when a specific event occurs.	**Comprehensive major medical insurance.**
How it pays	A fixed dollar amount per event (such as per hospital day or per visit), no matter what the bill actually is.	**Pays a share of your actual covered costs after your deductible and copays.**
Counts as health coverage (minimum essential coverage)	No	**Yes**
Pre-existing conditions	Can be excluded or limited. Applicants can be denied or charged more based on their health.	**Cannot be denied, excluded, or charged more because of your health.**
Essential health benefits (hospital, emergency, prescriptions, maternity, mental health, and more)	Not required to cover them.	**All 10 categories are required.**
Limit on what you pay	None. You owe the difference between the payout and the bill.	**Yearly out-of-pocket maximum on covered, in-network care.**
Preventive care	Not required.	**Covered preventive services at no cost when in network.**
Premium tax credits	Not eligible.	**May qualify, based on income.**

What to Know and What to Do

Fixed indemnity plans are not illegal, and some people use them as a **supplement** alongside real health insurance to help with out-of-pocket costs. The danger is when they are sold as a **replacement** for it.

If you drop an ACA plan for a fixed indemnity plan, you generally cannot get back into ACA coverage until the next Open Enrollment, because losing a fixed indemnity plan does not qualify you for a special enrollment period. You would also give up any premium tax credits you receive.

If you have a Marketplace plan, you should receive a **Form 1095-A** each year for your taxes. If you have never received one, please call us.

Please do not cancel your coverage or sign up for anything new until we have talked. If you have been contacted about one of these plans, or you think you may have enrolled in one, we are happy to review it with you at no cost.

Questions to Ask Before You Enroll

Ask these questions of any agent, call center, or website before you sign up for a plan.

1. Is this ACA-compliant major medical coverage, and does it count as minimum essential coverage?
2. How much does it pay for each service, and how does that compare to what my care actually costs?
3. Is there a limit on total benefits or on the number of days it will pay?
4. Are pre-existing conditions covered, and where does it say so in the policy?
5. Can I see the full policy documents and exclusions in writing before I pay?
6. If this is sold as Marketplace coverage, will I receive a Form 1095-A for my taxes?

Questions? Let's talk before you decide.

Call Doug Jones at **772-494-1438**
Schedule online: **calendly.com/dougs_calendar/aca-2027-renewal**
Read more online: **nisona.com/florida-health-insurance/fixed-indemnity-vs-aca-health-insurance**

Sources: HealthCare.gov; TIME, “How Fake Health Insurance Is Luring People In” (October 2025); Federal Trade Commission press release (August 2025).
This guide is for general informational purposes only and reflects information as of October 2026. Plan features, rules, and benefits vary, so always read a plan's actual policy documents before enrolling.
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