



January 22, 2020

Rep. Martin Carbaugh
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NCOIL
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RE: Comments on Short Term Limited Duration Insurance Model Act

Dear Rep. Carbaugh

Thank you for the opportunity to provide public comments on the Short Term Limited Duration Insurance Model Act. Short-term plans represent an affordable and attractive option for millions of consumers who lack access to employer-sponsored coverage or subsidized coverage in the individual market. We appreciate your efforts to make short-term plans more accessible in your state of Indiana.

The Health Benefits Institute – a new coalition – supports efforts to create appropriate standards in the short-term limited duration insurance market. Insurers providing this coverage should be clear on what services are covered as well as the limitations of such coverage. Of course, insurers must follow any state laws and regulations for such coverage.

The Health Benefits Institute is a group of agents, brokers, insurers, employers, benefit platforms and others seeking to protect the ability of consumers to make their own health care financing choices. We support policies that expand consumer choice and control, promote industry standards, educate consumers on their options and foster high quality health outcomes through transparency in health care prices, quality, and the financing mechanisms used to pay for care.

On balance, the proposed model law provides a good framework for discussion. It is important to understand that short-term limited duration plans can vary significantly by design, which is appropriate since consumers have a variety of preferences. In some cases, people need coverage for a very brief respite without health insurance. In other cases, consumers have either found themselves locked out of the individual market because they have missed the open enrollment deadline or because the individual health insurance market has become unaffordable.

Section 3. Definitions

We appreciate that there has been previous discussion of the annual limit of \$2,000,000 being too high, but that this limit has been maintained in the legislation. In some states – especially those with a three- or six-month policy limit – a \$2,000,000 annual limit may make the offering of a policy too expensive. We would urge a lower minimum annual limit of \$500,000. Of course,

consumers should have the ability to purchase plans with higher minimum annual limits, but mandating an annual limit of \$2,000,000 will lead to more people going with insurance.

- (d) “Short Term Insurance Plan” means a policy of health insurance that:
- (1) may be renewed for the greater of:
 - (i) thirty-six (36) months; or
 - (ii) the maximum period permitted under federal law;
 - (2) has a term of not more than three hundred sixty-four (364) days; and
 - (3) has an annual limit of at least ~~two million dollars (\$2,000,000)~~. **\$500,000.**

Section 6. Preferred Provider Network Based Plan Requirements

Prior to serving as Executive Director of the Health Benefits Institute, I chaired the NAIC’s Network Adequacy subgroup. That group worked on standards related to all health insurance plans. Based on this experience and the stringent Affordable Care Act standards, I believe its unworkable and unnecessary to apply those standards to short-term plans. The ACA’s network adequacy requirements are highly bureaucratic in nature, and expensive for insurers and states to administer. Many of the insurers offering coverage may not market in all the areas where the ACA’s essential community providers practice. Moreover, policy research has shown that the number of providers covered by the typical short-term plan far exceeds the number of providers covered by individual market plans.¹ In short, the proposal attempts to fit a square peg in a round hole. We suggest deletion of most of this section, and a clarification of the regulator’s rule-making authority to ensure networks are sufficient.

- (a) This section applies to an insurer that issues a short term insurance plan and undertakes a preferred provider plan to render health care services to covered individuals under the short term insurance plan.
- (b) An insurer described in subsection (a) shall ensure that the preferred provider plan meets the following requirements:
 - ~~(1) The preferred provider plan includes essential community providers in accordance with PPACA.~~
 - (2) The preferred provider plan is sufficient in number and types of providers ~~(other than mental health and substance abuse treatment providers)~~ to assure covered individuals’ access to all **covered** health care services without unreasonable delay.
 - ~~(3) The preferred provider plan is consistent with the network adequacy requirements that:~~
 - ~~(i) apply to qualified health plan issuers under 45 CFR 156.230(a) and 45 CFR 156.230(b); and~~
 - ~~(ii) are consistent with subdivisions (1) and (2).~~

Section 8. Tiering/Rating Short-term plans offer flexible coverage that can be purchased at any time, has no open enrollment requirement, and generally has much more affordable premiums since rates can be set in an actuarially appropriate manner. This proposed section limits a short-term plan’s ability to underwrite coverage based on more costly health conditions. By limiting an insurers’ underwriting options, it makes it more difficult for consumers who are relatively healthy or who have minor health conditions to obtain coverage. It also makes it more likely that coverage will contain pre-existing conditions exclusions. We urge deletion of this section.

¹ <https://www.manhattan-institute.org/cheaper-health-insurance-alternatives-to-obamacare-for-low-medium-risk-patients>

~~An insurer shall not, as a condition of enrollment or continued enrollment in a short term insurance plan, require an individual to pay a premium or contribution greater than the premium or contribution for a similarly situated individual enrolled in the short term insurance plan on the basis of a health status related factor in relation to the individual or a dependent of the individual.~~

Section 9. Discounts/Rebates/Out-of-Pocket Payment Modifications

We believe the specific inclusion of this section is important, and should be maintained.

This Act does not prevent an insurer from establishing a premium discount, a rebate, or out-of-pocket payment modifications in return for adherence to programs of health promotion and disease prevention.

Thank you again for the opportunity to provide comments on the proposed model. If you have any questions, feel free to contact me at jpwieske@thehealthbenefitsinstitute.org.

Sincerely

A handwritten signature in green ink, appearing to read "JP Wieske", followed by a long horizontal flourish.

JP Wieske
Executive Director