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Rep. Martin Carbaugh
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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. 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.

First, we'd like to express our appreciation for your understanding of the value of short-term limited duration insurance as an important to solution for some consumers. We do have ongoing concerns. In this letter, we are repeating some of our prior concerns about the draft, but the newly added Section 3 creates significant issues. The proposed language is significant and substantive change unveiled just prior to the meeting without a full opportunity to assess concerns.

Section 3. Applicability

The proposed change in this section is substantive, will negatively impact the availability of short-term plans, and may not be legal. In short, the provision eliminates the option of insurance companies to offer coverage through an association on the same terms for all members of the association. It requires each association plan to be filed separately in each state, requires separate policy documents, separate administrative requirements for each state, and as a result significantly increases the administrative costs to the insurer and eliminates consumer choices from the market. While insurers have yet to sue on these provisions, many believe these approaches may be subject to legal challenges. We urge you to delete this section.

~~This Act shall apply to short term insurance plans delivered or issued for delivery to~~

~~residents of this state, regardless of the situs of the contract or policy; however, nothing in this Section shall invalidate a plan validly delivered in another state.~~

Section 4. Definitions

We appreciate that there has been previous discussion of the annual limit of \$2,000,000, including in our prior comment letter. For states offering 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. Alternatively, a drafting note highlighting that a different amount may be appropriate when limiting coverage to shorter policy terms.

Section 6. Network Based Plan Requirements

We continue to believe applying the ACA standards to short-term plans make no sense, especially from a regulatory perspective. 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. It is also important to note that many of these plans are sold on a national basis with access to nationwide networks, and this is an important distinction from ACA plans many of which have more limited nation-wide networks. The standards, as written, will make it hard for these plans to be offered,

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.

Section 8. Tiering/Rating

We've already commented on this section in our prior letter. 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 again urge deletion of this section.

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



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

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