

The Short-Term, Limited-Duration Health Insurance Rule

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August 17, 2018



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What We'll Cover

- **What are Short-Term, Limited-Duration Health Insurance plans?**
- **What did the latest Trump administration rule do?**
- **What are the implications for consumers and for the individual market?**
- **How can and will states step in?**

What are Short-Term, Limited-Duration Health Insurance plans?

- * Theoretically serves to fill short gaps in coverage (despite existence of Special Enrollment Periods in individual market)
- * Limitations: Not health insurance under Public Health Service Act, not subject to ACA's market rules.
- * Engage in pre-ACA individual market practices, such as:
 - * Health status and gender underwriting
 - * No guaranteed issue, no guaranteed renewability
 - * No required benefits package
 - * Post-claims underwriting and rescissions
 - * No age-band rating limits
 - * Annual and lifetime limits on benefits
 - * Pre-ex exclusions and waiting periods

What are Short-Term, Limited-Duration Health Insurance plans?

“Data from the National Association of Insurance Commissioners (NAIC) shows that short-term plans had an **average medical loss ratio of about 65 percent** in 2017 (compared to 80 percent for ACA-compliant individual market policies). The three largest insurers offering short-term coverage had even lower loss ratios of about 44 percent, 34 percent, and 52 percent.”

(Katie Keith for [Health Affairs Blog](#))

KFF Analysis of STLD Benefits Packages

- * “One [recent analysis](#) found that short-term plans have out-of-pocket maximums as high as \$30,000, coverage caps that range from \$250,000 to \$2 million, and significant benefit gaps.” (Katie Keith for [Health Affairs Blog](#))
- * A recent [analysis](#) reviewed 16 short-term products available in Charlotte, North Carolina:
 - * 44 percent of these plans covered mental health and substance use disorder treatment services.
 - * 38 percent of the plans provided coverage for prescription drugs, and
 - * 0% of them covered maternity care and treatment.

Table: Coverage Exclusions in Short Term Health Plan Currently Sold by Golden Rule in North Carolina

Benefit	“Covered expenses will not include, and no benefits will be paid for any charges that are incurred:³
Preventive and wellness care	“For preventive or prophylactic care, including routine physical examinations, premarital examinations and educational programs, except as provided by the policy. “For diagnosis or treatment of nicotine addictions.
Women’s reproductive health	“For any drug, treatment, or procedure that promotes or prevents conception or prevents childbirth, including but not limited to, artificial insemination or treatment for infertility or impotency; for sterilization or reversal of sterilization; or for abortion (unless a pregnancy carried to term would endanger the mother’s life). “Due to pregnancy (except for complications of pregnancy). “For expenses incurred while confined primarily for well-baby care, except as provided for by the policy.
Gender transition-related services	“For modification of the physical body to improve the psychological, mental, or emotional well-being of the covered person, such as sex-change surgery.
Mental health care and substance use disorder	“For treatment of mental disorders, substance abuse, or for court-ordered treatment programs for substance abuse. “For diagnosis or treatment of learning disabilities, attitudinal disorders, or disciplinary problems. This exclusion does not apply to treatment of autism spectrum disorder as covered by the policy.”

Factors Limiting Enrollment in STLD Plans in the Past

- * How enrollment in these plans has been limited:
 - * Demand for comprehensive coverage
 - * STLD plans are not minimum essential coverage for purposes of complying with the individual mandate
 - * Limits on term, duration/renewability

What did the latest Trump administration rule do?

- * Previous rule: STLD plans could be sold for a term of no longer than 3 months and not renewed or extended.
- * Final rule: STLD plans up to 364 days, allowed to be renewed/extended for up to three years.
 - * Effective October 2018.

What did the latest Trump administration rule do?

I'M A LITTLE VERKLEMP. TALK AMONGST YOURSELVES. I'LL GIVE YOU A TOPIC:

SHORT TERM LIMITED DURATION PLANS NOW HAVE NEITHER A SHORT TERM NOR A LIMITED DURATION. DISCUSS!

New Required Notice

THIS COVERAGE IS NOT REQUIRED TO COMPLY WITH FEDERAL REQUIREMENTS FOR HEALTH INSURANCE, PRINCIPALLY THOSE CONTAINED IN THE AFFORDABLE CARE ACT. BE SURE TO CHECK YOUR POLICY CAREFULLY TO MAKE SURE YOU UNDERSTAND WHAT THE POLICY DOES AND DOESN'T COVER. IF THIS COVERAGE EXPIRES OR YOU LOSE ELIGIBILITY FOR THIS COVERAGE, YOU MIGHT HAVE TO WAIT UNTIL AN OPEN ENROLLMENT PERIOD TO GET OTHER HEALTH INSURANCE COVERAGE. ALSO, THIS COVERAGE IS NOT "MINIMUM ESSENTIAL COVERAGE". IF YOU DON'T HAVE MINIMUM ESSENTIAL COVERAGE FOR ANY MONTH IN 2018, YOU MAY HAVE TO MAKE A PAYMENT WHEN YOU FILE YOUR TAX RETURN UNLESS YOU QUALIFY FOR AN EXEMPTION FROM THE REQUIREMENT THAT YOU HAVE HEALTH COVERAGE FOR THAT MONTH.

What are the implications for consumers and for the individual market?

- * [March 2018](#) poll: 92 percent of ACA Marketplace enrollees said they bought health insurance in order “to protect against high medical bills in the case of severe illness or accident.”

What are the implications for consumers and for the individual market?

- * **Public confusion and understanding of these products**
 - * Public has come to expect health insurance to mean certain things.
 - * High likelihood for consumers to be lured in with promise of low premiums, stuck in bare-bones plans (if they pass underwriting) without needed benefits or coverage.
 - * Low medical loss ratios and high commissions for brokers means there's a strong incentive for brokers (including e-brokers) to promote these products.

What are the implications for consumers and for the individual market?

- * **Concerns for people who enroll in these plans**
 - * Bare-bones coverage. Consumers at severe risk for medical debt.
 - * Post-claims underwriting and rescissions.
 - * No SEP triggered if someone gets sick or has accident outside of Open Enrollment.
- * **Concerns for others: adverse selection in the individual market**
 - * Comprehensive coverage will become more expensive—especially for those without subsidies.
 - * Numerous studies estimate this rule will cause adverse selection, attrition from individual market of young and healthy, higher premiums, and more uninsured.

What are states saying and doing?

Altman wasn't the only regulator in Boston wary of the change. [Lori Wing-Heier](#), who directs Alaska's insurance division, said she thinks short-term plans can play a useful, if limited, role in the market. But with the new regulation, she told HuffPost, "I'm concerned that people will buy these policies, show up at the hospital for a condition they did not expect, and discover they are not covered."

"They may read [the warning], but that's not the same as understanding it," [Michael Conway](#), Colorado's interim commissioner, warned, noting that many people will assume these plans are still subject to the Affordable Care Act's rules. "Because of the ACA, now people think the baseline has changed — that certain things are always covered."

"You can look at one of these plans and you'll see it covers doctors, hospitals, maybe even drugs, and so you think it will have everything I need," Altman said. "You won't realize that the amounts are caps, or have exclusions — it's really difficult to expect that consumers will be able to figure out what all of this means, and really know what they are getting."

Wing-Heier, from Alaska, says she has seen this happen before. "You fill out the form, the medical forms, you think you are being honest about your history, and then the insurers go through your records and find something that you didn't think was an issue, your doctor didn't think was an issue, but now the insurer is saying it's a pre-existing condition."

What are states saying and doing?

"These are substandard products," sold on the premise that "junk insurance is better than nothing" for people who cannot afford comprehensive coverage, Troy J. Oechsner, a deputy superintendent at the New York Department of Financial Services, told the insurers.

Jessica Altman, the insurance commissioner of Pennsylvania, said she was "extremely concerned that some insurance agents or insurer websites may try to market short-term policies as comparable to A.C.A. plans." In the past two years, she said, she has revoked the licenses of eight agents and brokers "because of deceptive marketing of these plans."

Even officials from more conservative states expressed concerns. Bruce R. Range, the director of the Nebraska Insurance Department, said the market in his state could benefit from short-term plans. But he added, "I do have concern about some marketing techniques that get out of control."

In some cases, he said, there is "inappropriate telemarketing with spoofed phone numbers," and when a consumer starts asking questions, the caller hangs up.

"Of course they'll be less expensive," California Commissioner Dave Jones said. "That's because it's junk insurance and it won't cover the same things."

How can and will states step in?

- * **How other states are looking to step up**
 - * Outright prohibitions/bans
 - * Require STLD to comply with some or all ACA rules
 - * Reinstate three-month limit and restrict renewability
 - * Require a minimum Medical-Loss-Ratio
 - * Provide education to consumers about limits

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