

April 1, 2024

The Honorable Shay Shelnutt
Chair, Committee on Banking and Insurance
Alabama Senate
11 S Union Street, Suite 731
Montgomery, AL 36130

Re. Senate Bill 232

Dear Chair Shelnutt:

The undersigned organizations write today to express our concern regarding Senate Bill 232's proposed changes to Alabama's commercial insurance market. We support proposals that improve access, cost and quality of health insurance coverage, but there are better answers than the products SB 232 would allow.

Alabama consumers deserve health coverage that delivers a stable, high-quality product they can afford to use when illness strikes. It should include a full benefit set to protect people when they become sick and should be available regardless of one's medical history to prevent discrimination. Good coverage should also be properly regulated to ensure that customers' financial and medical interests are protected.

The products allowed under SB 232 would fall troublingly short of these measures. A partial list of our concerns¹ includes:

- Nearly 2 in 3 farmers have pre-existing conditions², but these products would not be required to accept people with pre-existing conditions³. If people with pre-existing conditions are accepted, they could be charged a higher premium and not have coverage for care related to their pre-existing conditions.
- These new products would not have to limit annual and lifetime out-of-pocket costs and could put caps on key benefits. This could leave patients with massive medical bills or force them to forgo needed treatment.
- Consumers would also face the risk of rescission, the practice of retroactively canceling coverage or payment for services based on a person's medical history.
- These products are an inadequate option for closing the coverage gap. For example, Kansas Farm Bureau officials estimated in 2019 that more than 42,000 people would

¹ 30 Patient Advocacy Organizations. "Under-Covered: How 'Insurance-Like' Products Are Leaving Patients Exposed." March 2021. https://www.ils.org/sites/default/files/National/undercovered_report.pdf. Accessed 10 Jan. 2024.

² Inwood, Shoshannah, et al. "Health Insurance and National Farm Policy." Choices, vol. 33, no. 1, 2018, pp. 1–7. JSTOR, <http://www.jstor.org/stable/26487425>. Accessed 10 Jan. 2024.

³ U.S. Government Accountability Office. "Private Health Coverage: Information on Farm Bureau Health Plans, Health Care Sharing Ministries, and Fixed Indemnity Plans." July 2023. <https://www.gao.gov/assets/gao-23-106034.pdf>. Accessed 10 Jan. 2024.

purchase their coverage⁴, and suggested it could supplant the need for any form of Medicaid expansion. However, a mere 16,000 people were covered by these plans in late 2023.⁵ Both figures pale in comparison to the 150,000 Kansans who live in the coverage gap.

- These products would have no oversight from the state Department of Insurance.

We support innovative efforts to improve health coverage affordability and access, but not if these efforts compromise the ability of patients to receive the care they need. Please do not advance SB 232 to ensure that Alabama consumers can rely on high quality standards and strong consumer protections in their health coverage.

Sincerely,

Alabama Arise
Alabama Poor People's Campaign
Alabama State Conference of the NAACP
ALS Association
American Cancer Society Cancer Action Network
American Diabetes Association
American Heart Association
American Lung Association
Autism Speaks
Birmingham Friends Meeting (Quakers)
BirthWell Partners
C&S Community Activist
Church & Society Committee, Anniston First United Methodist Church
Community Enabler
Cystic Fibrosis Foundation
Epilepsy Foundation
Greater Birmingham Ministries
Hemophilia Federation of America
The Leukemia & Lymphoma Society
Lighthouse Community Development Corporation
MPW Consulting
NAMI Alabama
National Multiple Sclerosis Society
The Sisters
Susan G. Komen
Unitarian Universalist Church of Birmingham

⁴ John Hanna, "Rural Kansas lawmakers push Farm Bureau health coverage plan," Associated Press, Feb. 21, 2019. <https://apnews.com/rural-kansas-lawmakers-push-farm-bureau-health-coverage-plan-134799b429fa487e9d2cf6ab5e8602e0>.

⁵ Tim Carpenter, "Kansas governor, farmers look at rural health care through Medicaid expansion scope," Kansas Reflector, Nov. 9, 2023. <https://kansasreflector.com/2023/11/09/kansas-governor-farmers-look-at-rural-health-care-through-medicaid-expansion-scope/>.

Unitarian Universalist Congregation of Tuscaloosa
VOICES for Alabama's Children

Cc: Members of the Alabama Senate Committee on Banking and Insurance