



**Statement for the Record
House Committee on Education and Labor
Health, Education, Labor, and Pensions Subcommittee Markup
April 8, 2019**

The undersigned 33 organizations, representing millions of American patients, providers, and consumers, write today in strong support of HR 1010, legislation to provide that the rule entitled “Short-Term, Limited Duration Insurance” shall have no force or effect.

Our organizations remain seriously concerned about the Administration’s finalized rule expanding the allowed duration of short-term health insurance plans from three months to 364 days. Originally intended as temporary bridge or gap plans, short-term limited-duration health insurance policies have lower premiums than other plans on the market because they are exempt from many of the key requirements that provide comprehensive coverage and protect consumers from high out-of-pocket costs.

Unfortunately, there is a real possibility that many new plan enrollees – attracted by lower premiums and expanded availability made possible by the finalized rule – will find themselves with woefully

inadequate coverage and greater out of pocket costs. For people with chronic and serious health conditions, the lack of access to necessary treatment options and the high out-of-pocket costs could be devastating.

These plans are not required to comply with protections for people with pre-existing conditions. They are permitted to consider an individual's health status when issuing health insurance coverage, which means an insurer can choose to deny coverage, charge higher premiums, or not cover certain benefits for individuals based on their health history. Insurers offering these plans are also not federally prohibited from rescinding coverage from consumers who encounter health issues after they enroll.

Unlike ACA-compliant plans, short-term plans also do not have to provide coverage for Essential Health Benefits (EHBs). If people with serious and chronic conditions do not have access to services through their health insurance coverage, they are forced to pay out-of-pocket for their treatment, which can often be prohibitively expensive.

Short-term plans can impose lifetime and annual limits on coverage, and they are not subject to limits on the amount of out-of-pocket costs and deductibles they can impose on enrollees for covered in-network services. One analysis of the best-selling short-term plan in Georgia showed these plans had a 3-month out-of-pocket limit of \$10,000, which did not include the deductible of \$10,000, making the effective 3-month out-of-pocket maximum \$20,000.¹ Another analysis found caps on coverage for short-term plans in Phoenix, AZ to be as low as \$250,000.² These limits would be devastating for the individuals and families we represent.

Additionally, short-term plans will likely attract younger and healthier individuals, dividing the individual marketplace risk pool. That will result in a spike in premiums for comprehensive plans sold in the marketplace that cover the treatments and services that patients with pre-existing conditions need, again reducing access to affordable coverage for the individuals and families we represent. We urge the Subcommittee to approve this legislation.

Adult Congenital Heart Association
ALS Association
American Cancer Society Cancer Action Network
American Diabetes Association
American Heart Association
American Kidney Fund
American Liver Foundation
American Lung Association
Arthritis Foundation
Chron's & Colitis Foundation
Chronic Disease Coalition
COPD Foundation

¹ Palanker, D, Lucia, K, and Curran, E. New Executive Order: Expanding Access to Short-Term Health Plans Is Bad for Consumers and the Individual Market. *To the Point*, The Commonwealth Fund, October 2017. Available at <https://ccf.georgetown.edu/2017/10/13/new-executive-order-expanding-access-to-short-term-health-plans-is-bad-for-consumers-and-the-individual-market/>.

² Pollitz, K. Understanding Short-Term Limited Duration Health Insurance. Kaiser Family Foundation, February 2018. Available at <https://www.kff.org/health-reform/issue-brief/understanding-short-term-limited-duration-health-insurance/>.

Cystic Fibrosis Foundation
Epilepsy Foundation
Family Voices
Global Healthy Living Foundation
Hemophilia Federation of America
Immune Deficiency Foundation
Leukemia & Lymphoma Society
March of Dimes
Mended Little Hearts
Muscular Dystrophy Association
National Alliance on Mental Illness
National Coalition for Cancer Survivorship
National Health Council
National Hemophilia Foundation
National Multiple Sclerosis Society
National Organization for Rare Disorders
National Patient Advocate Foundation
National Psoriasis Foundation
Pulmonary Hypertension Association
Susan G. Komen
WomenHeart: The National Coalition for Women with Heart Disease