

HB 267

An Act relating to Short-Term Health Care Insurance

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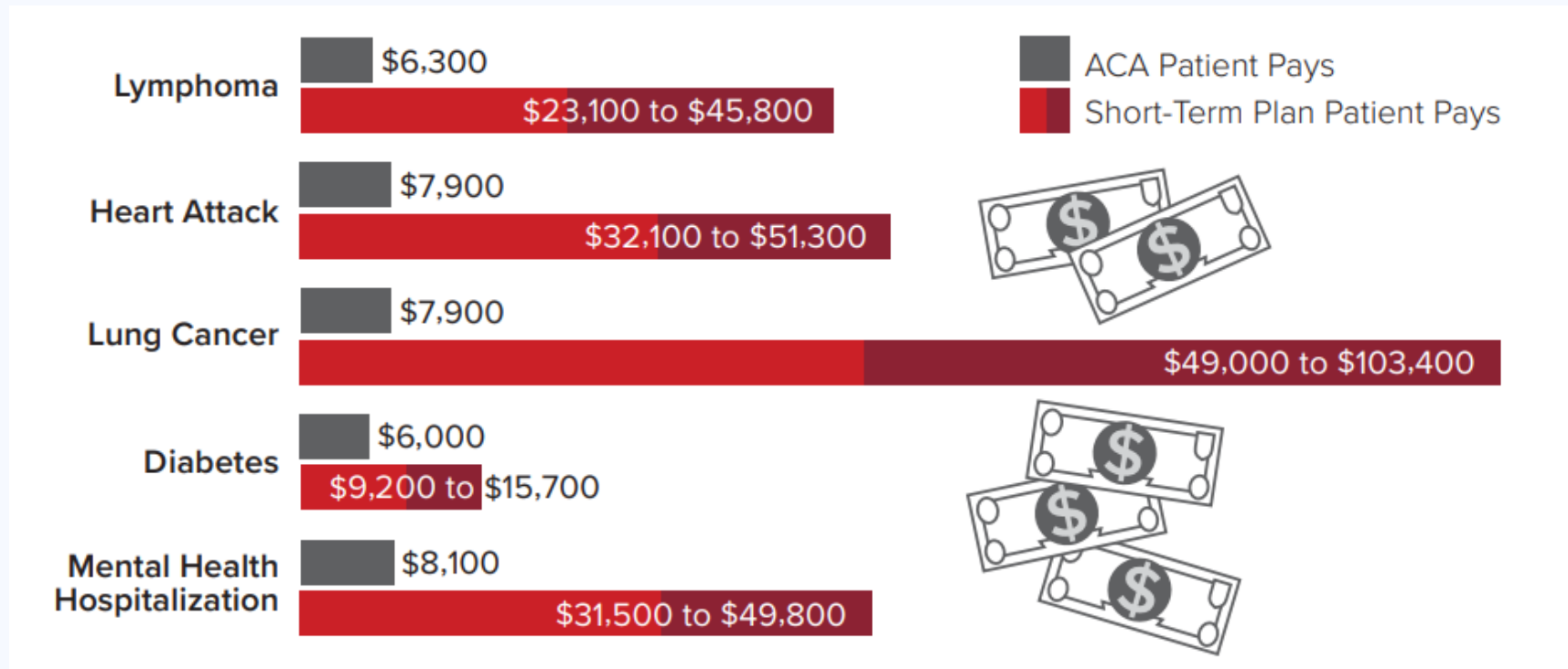
Short-Term Limited Duration Health Insurance

- Intended to fill a temporary gap in health coverage.
 - Prior to October 2018, STLD plans were permitted for a maximum of 90 days.
 - STLD plans offer lower premiums and are advertised as an affordable alternative to plans that, while more expensive, offer comprehensive essential coverage.
- **The fine print:** These plans *do not* meet federal qualifications for minimum essential coverage.
 - They do not provide coverage for the Essential Health Benefits, the 10 categories of health care that federal law deems essential.
 - They are able to charge more for those with pre-existing conditions.
 - They can deny an individual's enrollment in a health plan due to their health status, age, gender, or other factors that may affect the purchaser's use of insurance.

Federal Rule-Making Finalized in October 2018

- The final rule amended the definition of short-term limited duration insurance:
 - Lengthening plan duration to 364 days
 - Increasing renewal options to permit a total coverage period of 36 months
- Possible impacts noted in the federal rule:
 - “**Reduced access** to some services and providers for some consumers who switch from available individual market plans and possibly **reduced choice** for individuals remaining in the individual market risk pools.”
 - “Potential increase in out-of-pocket costs for some consumers, **possibly leading to financial hardship.**”
 - “Potential increase in **uncompensated care** by hospitals.”

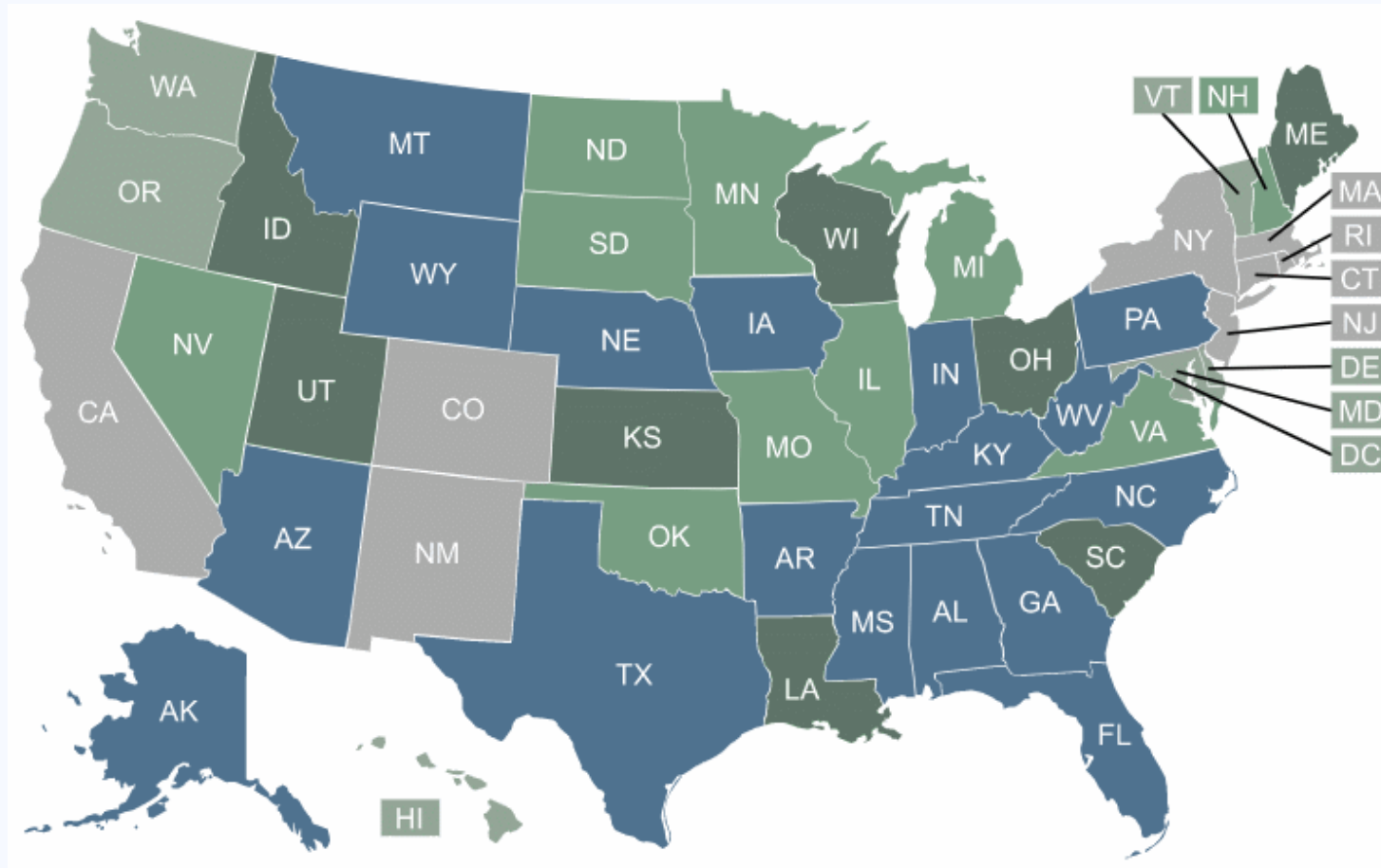
Estimated Costs* Between Plans – six months following diagnosis



Figures include monthly premiums and patient out-of-pocket costs. Short-term plan estimates based on six-months of continuous coverage vs. three-months of coverage followed by loss of coverage.

*Based on nationwide average claims

Prevalence of State Regulations – January 2020



2019 STM Availability	
18	Federal Rules 364 days, renew 3X
8	State Rules About a full year
10	State Rules About 6 months
7	State Rules About 3 months
8	No plans sold due to state rules

State-level policies that have since been enacted

- Limit initial plan duration
- Limit number of renewals
- Limit maximum duration
- Limited availability
- Coverage for pre-existing conditions
 - Some states have opted to require coverage for pre-existing conditions only upon plan renewal
- Coverage for essential health benefits
- Required notice to the consumer specifying that STLD plans do not qualify as providing minimum essential coverage

Features of HB 267

- *Defined Duration:* The initial term may not be more than 90 days, which conforms with the duration of STLD plans currently sold in Alaska.
- *Limited Renewal:* An individual can renew an STLD plan once.
- *Required Coverage for Essential Health Benefits and Pre-Existing Conditions:* A plan must cover the ten essential health benefits and services related to a pre-existing condition.
- *Limited Availability:* STLD plans may only be sold outside of the federal marketplace's open enrollment period or an individual's special enrollment period.

Summary of Changes for Proposed CS HB 267

- *Limited Renewal:* An individual can renew an STLD plan twice.
- *Required Coverage for Emergency Services:* A plan must, at a minimum, cover ambulatory, emergency, hospitalization, and laboratory services.
- *Protections for Pre-Existing Conditions:* A plan must provide coverage for services associated with pre-existing conditions if an individual renews their plan.
- *Increase in the Cost-Sharing Provision:* A plan can allow up to \$10,000 for self-only coverage and up to \$19,500 for family coverage.

Sources

Slide 3: Federal Register. (2018, August 3). Short-Term, Limited Duration Insurance. Retrieved from <https://www.federalregister.gov/documents/2018/08/03/2018-16568/short-term-limited-duration-insurance>.

Slide 4: Dane Hansen and Gabriela Dieguez. Milliman, commissioned by The Leukemia & Lymphoma Society. (2020, February). The impact of short-term limited-duration policy expansion on patients and the ACA individual market. Retrieved from https://milliman-cdn.azureedge.net/-/media/milliman/pdfs/articles/stld-impact-report_20200219.ashx?la=en&hash=1EA2A777A2550E8D5AEFE6DE5E2C295E.

Slide 5: Norris, L. (2020, January 14). Is Short Term Health Insurance Right for You? Retrieved from <https://www.healthinsurance.org/short-term-health-insurance/>.

Questions?