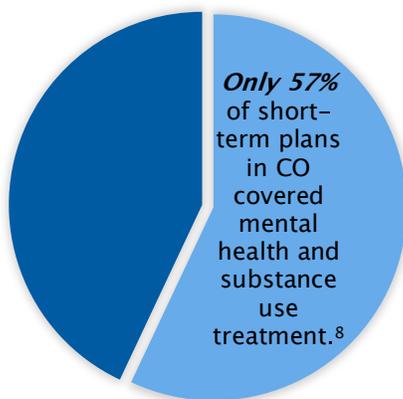


Short-term Health Plans

AKA...
Short-term
Limited
Duration Health
Insurance

The Problem. Short-term health plans are time-limited, health insurance policies that are meant to be used between periods of more consistent, long-term coverage. However, these plans are not considered comprehensive, because they do not have to comply with ACA requirements. For example, these plans do not have to cover pre-existing conditions¹. These plans typically have annual and lifetime dollar caps, no out-of-pocket maximum, and high deductibles which leaves consumers on the hook for any costs past those caps².

In 2017...



No Colorado plans covered Rx drugs.⁹

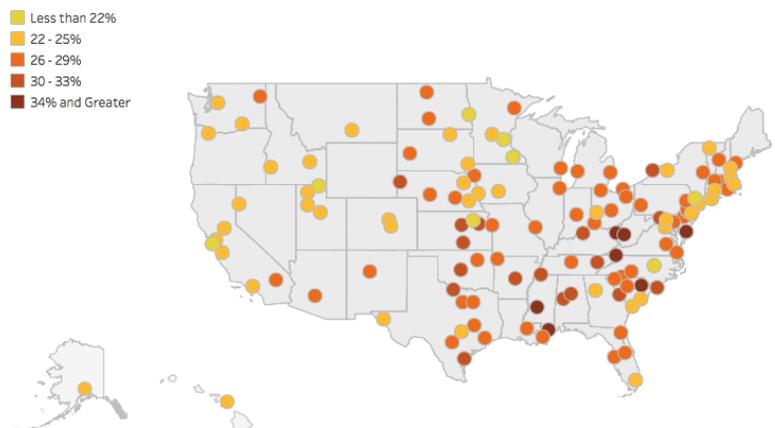


The Impact. Extending the length of short-term plan coverage increases the amount of time that a consumer is inadequately covered. The longer a consumer is covered through a short-term plan, the more likely they are to reach coverage caps and pay out-of-pocket for services. In 2017, Jeanne Balvin, a consumer in Phoenix, was stuck with \$97,000 in medical bills after she reached her dollar cap and her coverage was revoked due to a pre-existing condition³. Balvin was covered for an emergency surgery, but the abdominal infection that developed after was considered a “pre-existing condition”. Even when a service is covered by a short-term plan, complications or follow-up visits resulting from a covered service could be considered a pre-existing condition, and therefore not covered.

The Landscape.

Federal Changes New federal rules for short-term health plans, became effective on October 2, 2018. The rule extends the limit of short-term plans from 3 months to 364 days, and allows them to be renewed for up to 3 years⁴. Short-term plans do not have to provide comprehensive benefits including coverage for hospitalization, maternity care, preventive care, prescription drugs, mental health services, substance use disorder treatment, or pre-existing conditions⁵—all benefits which are covered by qualified health plans under the ACA. The new rule also requires short-term plans to disclose that these benefits may not be covered, however, there is no federal standard for reporting coverage exclusions⁶. New guidelines for federally funded, health insurance navigators will require navigators to promote short-term plans, regardless if that’s the best option for the consumer⁷. Because Colorado’s health insurance navigators are state funded, these guidelines do not apply.

Mapping Pre-existing Conditions across the U.S.
% of Non-elderly Adults with a Pre-existing Condition



Source: Kaiser Family Foundation analysis.

Current Colorado Law Colorado law (10-16-102) limits short-term plans to 6 months, non-renewable. **Colorado Regulation 4-2-41** requires insurance companies to include a disclaimer when selling short-term plans, notifying the consumer that these plans do not qualify as minimum essential coverage—in other words, they do not meet the protections required by the Affordable Care Act. Short-term plans are also required to cover certain benefits outlined in Colorado statute¹⁰. Even these benefits may no longer be covered when a short-term plan is re-purchased, as the need for that benefit can be considered pre-existing condition. The mandated benefits Colorado short-term plans must cover are not the same as essential health benefits, which are covered by ACA-compliant plans. The DOI has also released **Bulletin 4.72** which clarifies that short-term plans cannot be marketed as substitutes for ACA-compliant plans. However, unlike regulations, DOI bulletins are not enforceable.

In Colorado, some of the mandated benefits¹¹ short-term plans are required to cover are:



“Short-term insurance is only good if you’re healthy.”
 –Norm Balvin (Husband of Jeanne Balvin)¹²

The Solution. CCHI supports policies that:

- 1) **Standardize Loss Ratio** Protect the consumer by requiring short-term plans to meet the same medical loss ratio (MLR) as ACA-compliant plans.
- 2) **Collect Data** Require the same data to be publicly available through the DOI as ACA-compliant health insurance policies.
- 3) **Establish Robust and Standardized Disclosures** Ensure that detailed plan information be disclosed to consumers, and presented through a standardized form, prior to purchase. This form would include plan information such as premium rate, list of services covered, maximum out-of-pocket, lifetime or annual dollar caps, and any other limitations or exclusions.
- 4) **Restrict Short-term Plan Sale During Open Enrollment** Restrict the sale and purchase of short-term plans during the annual ACA open enrollment period, encouraging people to buy comprehensive coverage.
- 5) **Require Short-term Plans to Cover Essential Health Benefits (EHBs)** Mandate comparable coverage between ACA-compliant plans and short-term plans by requiring short-term plans to cover EHBs.
- 6) **Prohibit Pre-existing Condition Exclusions** Prevent patients from being subject to significant out-of-pocket costs by requiring short-term plans cover pre-existing conditions.
- 7) **Reinforce Short-term Plan Marketing Prohibitions through Regulation** Clarify prohibitions on deceptive short-term plan marketing strategies by publishing DOI Bulletin 4.72, which states “short-term limited duration health insurance policies that are marketed as a substitute for, an alternative to, a replacement of, or as equivalent to an ACA-compliant health benefit plan, or including services that do not meet the definition for the line of business for that product, may be found in violation of § 10-3-1104(1), C.R.S.”, as a regulation.

1. Title 10-16-102(60) C.R.S.
2. <http://files.kff.org/attachment/Issue-Brief-Understanding-Short-Term-Limited-Duration-Health-Insurance>
3. <https://www.consumerreports.org/health-insurance/short-term-health-insurance-isnt-as-cheap-as-you-think/>
4. <https://www.federalregister.gov/documents/2018/02/21/2018-03208/short-term-limited-duration-insurance>
5. <https://ctmirror.org/2018/08/09/wade-state-law-bars-sale-trumps-skimpy-short-term-health-plans/>
6. <https://s3.amazonaws.com/public-inspection.federalregister.gov/2018-16568.pdf>
7. https://www.washingtonpost.com/national/health-science/administration-slashes-grants-to-help-americans-get-affordable-care-act-coverage/2018/07/10/012a0526-8481-11e8-8553-a3ce89036c78_story.html?utm_term=.bb316f3e01ed
8. See Reference 2
9. See Reference 2
10. C.R.S. 10-16-104
11. Ibid
12. See Reference 4