



**AMERICANS FOR
PROSPERITY®**

KANSAS

February 2, 2022

Thank you, Chairman Johnson, Vice-Chair Croft, and distinguished members of the Committee.

Thank you for the opportunity to address this critical issue.

I am Dean Clancy, AFP's senior health policy fellow. I am testifying today on behalf of Americans for Prosperity-Kansas.

AFP activists engage friends and neighbors on key issues and encourage them to take an active role in building a culture of mutual benefit, where people succeed by helping one another.

We look forward to working with the Committee to craft real reforms that expand access to affordable, high-quality health care for all Kansans.

On behalf of Americans for Prosperity activists in Kansas, we are pleased to support S.B.199, a bill that would expand affordable health insurance options for Kansas families by removing needless government barriers to short term limited duration health insurance plans.

[Votes on this bill may be recorded in our 2022 session legislative scorecard.]

Americans for Prosperity believes Kansas deserves a personal option in health care – a system that empowers patients to shop for value as consumers and that removes barriers between patients and their doctors.

We want to give you, the patient, the choice and control you want, with the quality you deserve, at prices you can afford, from the medical professionals you trust.

As Elizabeth Patton, AFP-Kansas state director, recently wrote in the *Topeka Capital-Journal*, “Health care is personal, so people should be able to choose the health care coverage that is right for them. ... It is time that Kansans had more personalized health care options that worked for them.”

S.B. 199 would give them that.

Specifically, the bill would enable Kansas families to purchase short term coverage that lasts for up to twelve months and could be renewed for up to three years.

This sort of flexibility can be a life-saver for those who are in-transition unemployed, uninsured, or who might otherwise fall between the cracks in today’s overpriced and over-regulated health care system.

With a short term plan, you can enroll any time in the coverage you choose to best fit your needs, and the coverage starts the next day.

A short term plan is real insurance that's typically 50 to 80 percent less expensive than a traditional insurance policy – a Toyota Camry for people who don't need and can't afford a Maserati.

Kansas families and businesses need less government red tape and more affordable health care options. S.B. 199 is a perfect place to start and will provide greater options and flexibility than expanding failed government programs.

A little background. Since 2013, health insurance premiums have more than doubled in the United States, leaving many Americans with expensive and limited options. In 2019 there were an estimated three million people enrolled in short-term plans.

Most states do not restrict sales of this option, allowing short term plan durations up to the maximum allowed under federal law. But about fifteen states severely restrict sales of these plans, including four states that prohibit them.

To be specific, California, New Jersey, New York, and Massachusetts prohibit the sale of short-term plans.

Colorado, Connecticut, New Mexico, and Rhode Island impose tight rules on short-term plans, and as a result no short-term plans are currently sold in those states.

Other states that apply restrictions are Maine, Hawaii, Delaware, Illinois, Maryland, Washington, and Vermont.

In the Midwest, I’m happy to report, Iowa, Missouri, Nebraska, and Oklahoma are all among the 38 states that are nonrestrictive.

S.B.199 would add Kansas to that enlightened group.

Traditional plans require consumers to buy one-size-fits-none policies bloated with government-mandated features that they may not want or need. Short term plan benefits are flexible.

Short term plans are more affordable precisely because they give consumers the freedom to customize.

Denying Kansans the freedom to make their own health insurance decisions does nothing to reduce prices. In fact, Kansas has the dubious distinction of being among five states where employer-based insurance premiums and deductibles exceed \$9,000 a year.

The bureaucratic, one-size-fits-none approach caused average health care premiums to skyrocket by 129 percent across most states between 2013 and 2019.

Ironically, many hospitals and doctors reject bloated traditional plans but will take patients using short-term plans.

Without this option, many people will continue to be stuck either without insurance or paying for costly coverage that they don't want or need.

People find their circumstances change and a short-term plan offers them a stopgap or temporary solution. A recently laid off worker in Overland Park in search of another job, a university student in Lawrence who is not eligible for student health insurance or the new grandmother in Salina who just retired but does not yet qualify for Medicare are examples of people who might find the flexibility of short-term plans particularly attractive.

These plans are popular with the public. In fact, in our polling, we've found that nearly 70 percent of Americans support a personal option for health care that includes making short-term plans more widely available. Just 30 percent would support single-payer health care or a government option plan – the so-called “public option” – instead.

We are pleased that an overwhelming majority of Kansas lawmakers agree with their constituents on this issue.

As you know, the Legislature passed a version of this bill last May. While Governor Kelly vetoed it, we are hopeful that overwhelming majorities will pass it again and that she will reconsider this time and see the benefits of this reform for Kansas families – and sign the bill.

At the time of the veto, the Governor painted Medicaid expansion as the best and only way to give people more affordable private coverage options. We strongly disagree.

We oppose Medicaid expansion because it strains state budgets, displaces private coverage, draws scarce resources away from truly vulnerable patients, makes it harder for employers to find suitable employees, is not fiscally sustainable, and makes it harder for policymakers to reform the current, broken Medicaid program.

By contrast, short term plans and other policies that give consumers more choice and control – including, for example, access to direct primary care clinics and farm bureau plans – help bring down the costs of care and coverage. And unlike Medicaid expansion, they don't bust the state budget.

Instead of Medicaid expansion, Kansans need and deserve a health care personal option, including access to short term plans.

Now, some skeptics say short term plans compare unfavorably with Affordable Care Act plans in cost and benefits. This is incorrect.

A 2019 Manhattan Institute paper found that the premiums for short-term plans are significantly lower than comparable ACA plan premiums—in some cases about half the cost.¹

And the coverage can be much better. For example, the Manhattan Institute found that in many places narrow-network HMOs are often the only types of ACA plans available. Short term plans generally cover a much broader set of providers.

Other skeptics of short-term plans claim they destabilize the individual health insurance market, but a study by the Galen Institute last year found just the opposite.

Since 2018, Galen found, states that fully permit short-term plans, as would happen under this bill, have actually had better enrollment, better insurer participation, and better premium trends in their individual markets, which is where people buy ACA plans, than states that restrict short-term plans.²

While restrictive states saw a 25 percent increase in the number of insurers offering ACA plans from 2018 to 2021, nonrestrictive states saw a much larger 61 percent increase. That means more competition, and lower prices.

Premiums in the individual market fell over the period, but they fell in nonrestrictive states twice as fast as they did in restrictive states.

In fact, the only states where individual market premiums have increased since 2018 are the five states that fully prohibit short-term plans.

Why are short-term plans helpful for the individual market? Probably because of the increased insurer competition that I mentioned. And probably because nonrestrictive states experience less adverse selection – that is to say, fewer people who develop a medical condition switching to taxpayer-subsidized plan because they can remain on their short term plan for longer.

To sum up, we believe it is time that Kansans had more personalized health care options that worked for them.

¹ https://media4.manhattan-institute.org/sites/default/files/R-0519-CP.pdf?mod=article_inline

² <https://galen.org/assets/Individual-Health-Insurance-Markets-Improving-in-States-that-Fully-PermitShort-Term-Plans.pdf>

It is for these reasons that we respectfully urge passage of S.B. 199.

Thank you again for this opportunity.