

February 2, 2022

The Honorable Steven Johnson
Chair, Kansas House Committee on Insurance and Pensions
Re: Opposition Testimony on SB 199

Dear Chairman Johnson and Members of the Committee:

The undersigned 12 groups urge you to oppose SB 199, which would expand the availability of low-quality short-term, limited-duration (STLD) health plans.

Collectively, our organizations support maintaining and expanding access to high-quality, comprehensive health care coverage for Kansans living with chronic or serious health conditions. Kansans need access to affordable, adequate health insurance so they can treat and manage their conditions.

Unfortunately, STLD plans lack the same consumer protections as qualified health plans, allowing them to offer limited coverage and benefits and deliver less value. That is why our organizations have been stalwart in our opposition to their expansion – and voters agree. Recent polling found that an overwhelming majority of adults (79%) believe the government should prevent the sale of STLD plans.¹

STLD policies do not provide comprehensive coverage: Most STLD policies do not provide coverage for all essential health benefits (EHBs); when they do offer EHBs, these benefits are frequently capped well below the value of ACA-compliant plans.² Additionally, STLD policies may impose lifetime and annual limits on coverage, potentially exposing consumers to significant out-of-pocket costs for the care they need. Comprehensive coverage is especially important for consumers who are diagnosed with serious diseases like cancer, diabetes, heart disease, multiple sclerosis, mental illness, psoriatic disease or arthritis during the middle of the plan year. Without these services, patients may face astronomical costs, delays to their treatments, or may be forced to forgo treatment entirely.

STLD plans can engage in deceptive marketing practices: Two recent secret-shopper studies found that STLD plans employ deceptive marketing and sales tactics to sell these products.^{3 4} There has been significant reporting over the last several years about consumers who sign up for these plans, believing they are comprehensive, only to find they have little to no coverage when they need it most. In the same poll as referenced above, 92 percent feel people “can get duped into

¹ <https://www.ils.org/sites/default/files/2022-01/junk-survey-2022-final.pdf>

² <https://www.kff.org/health-reform/issue-brief/understanding-short-term-limited-duration-health-insurance/>

³ <https://www.gao.gov/assets/710/708967.pdf>

⁴ <http://chirblog.org/misleading-marketing-non-aca-health-plans-continued-covid-19-special-enrollment-period/>

buying poor-quality coverage” despite asking the right questions beforehand and 94 percent of respondents were concerned about such marketing practices.⁵

Low-Cost, high-quality plans are available: Last year’s passage of the American Rescue Plan Act (ARPA) has significantly reduced the premium gap between STLD policy premiums and ACA-compliant plans.⁶ ARPA caps premiums for benchmark ACA-compliant plans at no more than 8.5 percent of a household’s income. A 55-year-old living in Overland Park (ZIP code 66204) earning \$48,700 a year now can pay as little as \$322 a month for a silver-level plan thanks to ARPA: compare that to STLD plans with similar deductibles that cost \$379 to \$392 per month, with thinner benefits than the ACA plans and no protection from retroactive coverage cancellation or annual or lifetime benefit caps.⁷

STLD policies do not provide cost-effective coverage, especially for major illness: The economic risks of STLD plans stand out in a pair of 2020 studies commissioned by major patient advocacy organizations. One study found a newly diagnosed patient with lung cancer on an STLD plan could pay \$49,000 to \$103,400 in out-of-pocket costs (including premiums and cost sharing for medical and prescription drug expenses) during the six months following diagnosis, compared to \$7,900 on an ACA-compliant plan.⁸ The other study reported that a lymphoma patient would pay \$51,600 for their care annually under an STLD plan, compared to \$12,931 under an ACA-compliant plan.⁹

STLD policies can discriminate against people with pre-existing conditions: STLD policies consider an individual’s pre-existing condition or health status when issuing health insurance coverage. This means that an STLD policy issuer can choose to deny coverage, charge higher premiums, or choose not to cover certain benefits for individuals based on their health history. Pre-pandemic, nearly 30 percent of non-elderly Kansans (roughly 465,000 people) had a pre-existing condition that would result in them being uninsurable if they were subject to medical underwriting.¹⁰ This total has certainly increased as more and more Kansans are diagnosed with COVID-19.¹¹ These Kansans could be denied coverage or charged more by an STLD.

Renewability does not ensure stability: Short-term, limited-duration coverage is intended to offer consumers policies meant to fill a short-term gap in coverage. Allowing these policies to be sold for extended lengths of coverage could mislead consumers into believing these products are comprehensive in nature, preventing them from enrolling in more comprehensive plans. In 2018 the National Association of Health Underwriters (NAHU) recommended against the plan durations being proposed in SB 199, recommending a shorter renewal period than allowed under current Kansas law.¹²

Guaranteed renewability does not translate to guaranteed coverage stability. The bill as drafted does not mandate that STLD plans come with guaranteed renewal, and the premiums and benefits for the plans may change from term to term. Additionally, the practice of rescission, also known as post-claims underwriting, means that an STLD plan may be retroactively canceled at any time – including after plan renewal.¹³

⁵ <https://www.ils.org/sites/default/files/2022-01/junk-survey-2022-final.pdf>

⁶ <https://www.kff.org/health-reform/issue-brief/how-the-american-rescue-plan-will-improve-affordability-of-private-health-coverage/>

⁷ See <https://www.healthcare.gov/see-plans/#/> and <https://www.ehealthinsurance.com/short-term-health-insurance/plans/compare>

⁸ <https://www.ils.org/sites/default/files/National/USA/Pdf/STLD-Impact-Report-Final-Public.pdf>

⁹ <https://www.fightcancer.org/sites/default/files/National%20Documents/Costs-of-Cancer-2020-10222020.pdf>

¹⁰ Claxton, G, Cox, C, Damico, A, Levitt, L, & Pollitz, K. Pre-existing Conditions and Medical Underwriting in the Individual Insurance Market Prior to the ACA. Kaiser Family Foundation, December 2016. Available at <https://www.kff.org/health-reform/issue-brief/pre-existing-conditions-and-medical-underwriting-in-the-individual-insurance-market-prior-to-the-aca/>.

¹¹ <https://www.coronavirus.kdheks.gov/160/COVID-19-in-Kansas>

¹² https://nahu.org/media/3268/nahu_stp_comment_042318.pdf

¹³ <http://chirblog.org/making-short-term-plans-a-long-term-coverage-option/>

STLD policies can lead to gaps in coverage: The expiration of STLD coverage does not constitute a qualifying event for purposes of an individual being able to obtain a special enrollment period to obtain coverage on the marketplace. This could leave the individual exposed to a significant gap in coverage.

COVID-19 Treatment and Testing is Not Required. While most private health insurance is required to cover COVID-19 treatment, this requirement does not extend to short-term plans.¹⁴ These plans may not cover prescriptions, vaccinations, and treatment for patients with COVID-19. Additionally, Kansans who have had COVID-19 now have a preexisting condition that can be used to deny coverage.

Thank you in advance for your consideration of our testimony. We look forward to continuing to work closely with you to ensure that more Kansans have access to affordable, comprehensive coverage that best meets their needs. If you have any questions about the content of this letter, please contact kari.rinker@heart.org, Government Relations Director, American Heart Association.

Sincerely,

American Academy of Pediatrics, Kansas Chapter
American Cancer Society Cancer Action Network
American Heart Association
American Lung Association
Arthritis Foundation
Be The Match/National Marrow Donor Program
The Leukemia and Lymphoma Society
National Multiple Sclerosis Society
National Psoriasis Foundation
NAMI Kansas
Susan G. Komen
Wichita Medical Research and Education

¹⁴ <https://www.commonwealthfund.org/blog/2020/age-covid-19-short-term-plans-fall-short-consumers>