



April 24, 2018

Dear Chair Knoblach and Members of the Committee:

The undersigned eighteen groups are writing to urge you to amend HF 3138, the House Health and Human Services omnibus bill, to remove the provisions which would expand the availability of short-term, limited-duration (STLD) health plans. Collectively, our organizations support maintaining and expanding access to high-quality, comprehensive health care coverage for Minnesotans living with chronic health conditions. Minnesotans need access to affordable, adequate health insurance so they can treat and manage their conditions. Unfortunately, the STLD provisions in HF 3138 would allow for the proliferation of these health plans, which would provide inadequate coverage for Minnesotans and undermine the individual health insurance market.

STLD policies discriminate against people with pre-existing conditions: STLD policies are permitted to take into account an individual's pre-existing condition or health status when issuing health insurance coverage. This means that a 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. According to recent estimates, 22 percent of non-elderly Minnesotans (roughly 744,000 people) have a pre-existing condition that would result in them being uninsurable if they were subject to medical underwriting.¹ These people would not have access to STLD policies and could only obtain coverage through ACA-compliant plans, which as discussed in more detail below, will have higher premiums and fewer issuers if this legislation is enacted.

STLD policies do not provide comprehensive coverage: Unlike ACA-compliant plans, STLD policies do not have to provide coverage for Essential Health Benefits (EHBs). Consumers who enroll in health coverage expect their plan to provide coverage for these necessary products and services. Comprehensive coverage is especially important for consumers who are diagnosed with serious diseases like cancer, diabetes, heart disease, multiple sclerosis, HIV infection, or arthritis during the middle of the plan year. If patients do not have access to services through their health insurance coverage, they face astronomical costs and disruptions and delays to their treatments or may be forced to forgo treatment entirely because of costs.

STLD policies can impose lifetime and annual coverage limits: Under current law, ACA-compliant plans are prohibited from imposing lifetime and annual limits on EHB services. Since STLD policies are not required to cover EHBs, they are

¹ 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/>.

then free to impose lifetime and annual limits on coverage, thus potentially exposing consumers to significant out-of-pocket costs for the care they need.

STLD policies will increase premiums for comprehensive coverage: STLD policies would attract younger and healthier individuals, leaving older and sicker individuals in the risk pool for ACA-compliant plans. This will result in increased premiums for people who need comprehensive coverage. According to one estimate, expanding STLD coverage, combined with the repeal of the individual mandate penalty, could result in increases in the ACA-compliant individual market in Minnesota by 22.5 percent. These premium increases will be particularly significant for Minnesotans with pre-existing conditions who need comprehensive coverage (and/or who are denied coverage to STLD policies due to pre-existing conditions) and who do not qualify for any advance premium tax credits.²

STLD policies can lead to gaps in coverage: We also note that STLD policies are not considered minimum essential coverage (MEC) and thus the expiration of STLD coverage does not constitute a qualifying event for purposes of an individual being able to obtain a special enrollment period (SEP) to obtain coverage on the marketplace. This could leave the individual exposed to a significant gap in coverage.

Renewability: While we recognize the House Health and Human Services Finance Committee imposed a requirement that STLDs can only be renewed once, we are concerned that this prohibition will be inadequate to address the concerns outlined above. Short-term, limited-duration coverage is intended to offer consumers a policy that is intended to fill a short-term gap in coverage and thus we do not believe it is appropriate for such coverage to be renewed. Allowing these policies to be sold for extended periods of time would cause confusion to consumers who may be misled into believing these products to be comprehensive in nature, and prevent them from actually enrolling in more comprehensive plans.

Thank you in advance for your consideration, and we look forward to continuing to work closely with you to ensure that all Minnesotans have access to affordable, comprehensive coverage that best meets their needs. If you have any questions about the content of this letter, please contact Ellie Beaver at ellie.beaver@cancer.org or 651-255-8107.

Sincerely,

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² Blumberg, L, Buettgens, M, & Wang, R. The Potential Impact of Short-Term Limited-Duration Policies on Insurance Coverage, Premiums, and Federal Spending, The Urban Institute, February 2018. Available at https://www.urban.org/sites/default/files/publication/96781/std_draft_0226_finalized_0.pdf.

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