

To: Open Letter to State Departments of Insurance

Date: December 14, 2017

RE: Concerns about the October 12 Executive Order and Call to Action for States to Protect Insurance Markets

The undersigned individuals and organizations, representing insurance consumers and health insurers, are extremely concerned about the potential impact of the policies put forward in the recent Executive Order on health care. Expanding and extending short-term, limited-duration health plans, increasing enrollment in Association Health Plans (AHPs), and relaxing rules for employer Health Reimbursement Arrangements (HRAs) all increase adverse selection in insurance markets that serve millions of individuals and employers. We are concerned that this could create or expand alternative, parallel markets for health coverage, which would lead to higher premiums for consumers, particularly those with pre-existing conditions. Further, these actions destabilize the health insurance markets that guarantee access to comprehensive health coverage regardless of health status.

We hope the federal agencies will avoid harming or undermining the individual market risk pool as they consider changes to the federal rules for short-term plans, AHPs, and HRAs. However, the Executive Order indicated an interest in allowing short-term plans to be sold for longer periods than the current limit of three months. Short-term plans are not comprehensive health insurance and are not required to meet the standards that are applied to individual market health plans. Short-term plans don't have to cover the essential health benefits, and may deny or charge more to people who have pre-existing medical conditions, exclude such conditions, and limit the amount of benefits they will pay out under the policies. If short-term plans are allowed to be sold as a long-term alternative to regular health insurance, they will attract healthier consumers away from the regular insurance risk pool and endanger people's access to comprehensive coverage. We thus ask the states to act swiftly if the federal rulemaking allows these plans to last beyond a reasonable "short term." We also urge states to require clear disclosures to consumers for these plans, as many states have already done.

In addition to restoring the duration limit on short-term plans, states may want to consider ways to protect against potential harm from other policy changes that could be made related to AHPs and HRAs. We call attention to those policy options that put the individual market and the consumers who rely on that market at risk. These products should include clear and accurate disclosures to consumers and ongoing state monitoring.

If the proposed federal rules are weakened for short-term plans, AHPs, or HRAs, we urge state insurance regulators to take action to protect consumers in your states. We thank you for your commitment to serve and protect the people in your state.

Sincerely,

American Cancer Society Cancer Action
Network

American Heart Association

America's Health Insurance Plans

Blue Cross Blue Shield Association

Center on Budget and Policy Priorities

Crohn's & Colitis Foundation

Epilepsy Foundation

Families USA

March of Dimes

The National Multiple Sclerosis Society