

August 24, 2020

The Honorable Pamela Hunter
Chair
The Honorable Deborah Ferguson
Vice Chair
National Council of Insurance Legislators
Health Insurance & Long-Term Care Issues Committee
2317 Route 34 S, Suite 2B
Manasquan, NJ 08736

RE: Draft Short Term Limited Duration Insurance Model Act

Chairwoman Hunter and Vice Chairwoman Ferguson:

On behalf of the undersigned organizations representing patients, consumers, and physicians, we write to urge the Health Insurance and Long Term Care Issues Committee (“the Committee”) to refrain from adopting the draft Short Term Limited Duration Insurance Model Act (“draft model act”).

Our organizations continue to be concerned with the expansion of short-term limited duration insurance (STLDI) plans and the impact they are having on patients and the individual health insurance market. Earlier this year, a report commissioned by The Leukemia & Lymphoma Society, and conducted by actuarial firm, Milliman, Inc., confirmed that proliferating short-term limited duration (STLD) plans expose patients to high health care costs and raise premiums in the individual market.¹ In our view, STLDI is meant to serve as a bridge or stop-gap measure between meaningful coverage, not as comprehensive coverage to be relied upon by enrollees in the long term.

Unfortunately, this model as drafted, would allow consumers to continue to purchase these plans for up to three years. With that, these plans become attractive to young, healthy individuals, who would otherwise purchase insurance in the marketplaces. The result is smaller risks pools and higher premiums for those purchasing comprehensive health insurance.

Additionally, we have serious concerns about the lack of coverage and benefits offered by short-term plans. Under the draft model, these plans could be offered without benefits such as pharmacy coverage, maternity care, mental health care, rehabilitation services and preventive care. Even with the best transparency requirements, this lack of coverage will come as a surprise to many when they need health insurance most.

Finally, we think that expanding access to STLDI plans is particularly troubling during the COVID-19 pandemic. Workers are losing their employer-sponsored coverage at alarming rates, and families are looking for options in the individual market. Marketplace plans, and the premium and co-insurance assistance for which many are eligible, can offer families comprehensive and affordable coverage. As COVID-19 continues to spread, as our nation enters the flu season, as mental health care is needed more than ever, and as patients and their physicians continue to address chronic conditions, now is simply not the time to promote and expand noncomprehensive coverage.

We urge the committee to reconsider moving forward with this model act as drafted.

Please feel free to reach out to Lucy Culp, Executive Director, State Government Affairs, the Leukemia & Lymphoma Society, at 360-870-4016 or lucy.culp@lls.org and Emily Carroll, Senior Legislative Attorney, American Medical Association, 703-608-0166 or emily.carroll@ama-assn.org with any questions or concerns.

Thank you for your consideration,

American Heart Association

Hemophilia Federation of America

American Cancer Society Cancer Action Network

Leukemia & Lymphoma Society

American Kidney Fund

National Alliance on Mental Illness

American Medical Association

National Multiple Sclerosis Society

American Liver Foundation

National Organization for Rare Disorders

Arthritis Foundation

Pulmonary Hypertension Association

Cancer Support Community

Susan G. Komen

Cystic Fibrosis Foundation

The AIDS Institute

Epilepsy Foundation

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