



# Proposed Short-Term Health Plan Rule

Implications and Options for States

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**STATE**  
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State Health and Value Strategies (SHVS) assists states in their efforts to transform health and health care by providing targeted technical assistance to state officials and agencies. The program is a grantee of the Robert Wood Johnson Foundation, led by staff at Princeton University's Woodrow Wilson School of Public and International Affairs. The program connects states with experts and peers to undertake health care transformation initiatives. By engaging state officials, the program provides lessons learned, highlights successful strategies, and brings together states with experts in the field. Learn more at [www.shvs.org](http://www.shvs.org).

**Questions?** Email Heather Howard at [heatherh@Princeton.edu](mailto:heatherh@Princeton.edu).

# About Georgetown's Center on Health Insurance Reforms (CHIR)

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- A team of experts on private health insurance and health reform
- Conduct research and policy analysis, provide technical assistance to federal and state policymakers, regulators, and consumer advocates
- Based at Georgetown University's McCourt School of Public Policy
- Learn more at <https://chir.georgetown.edu/>.



# **Proposed Rule: Expanding Availability of Short-Term Limited Duration Health Plans**

# Key Provisions of Proposed Regulations on STLD Plans

- Reverses 2016 rule's 3-month duration limit
  - Return to pre-ACA definition (policy less than 12 months);
  - Renewable (but with medical underwriting)
- Revises consumer disclosure to say
  - Coverage not required to comply with ACA;
  - No eligibility for SEP
  - Not MEC (potential mandate penalty in 2018)
- Effective date – 60 days after final rule
- Comments due April 23

# STLD Plans: Potential impacts

- Impact compounded by zeroing out of mandate penalty
- Smaller, sicker individual market enrollment
  - 100-200K estimate (likely an undercount)
  - Higher premiums for ACA-compliant plans
  - Higher federal outlays for APTCs (\$96-\$168M estimate)
  - Fewer plan choices
- Consumer-level impacts
  - Young, healthy get cheaper options (if unsubsidized)
  - Old, sick, or seeking comprehensive coverage pay more
  - Increased financial liability if get sick, injured
  - History of deceptive marketing tactics

## Issues, Implications for States

- States retain primary role as regulator of STLD plans
- Comments requested on
  - Effective date
  - Appropriate duration for STLD policies
  - Conditions for renewal & reapplication
  - Any estimates of impact on STLD and ACA-compliant markets, including premiums and federal APTC spending

# State Options to Protect Markets and Consumers

- Protect market stability\*
  - Ban outright
  - Require compliance with all individual market rules
    - NY, NJ
  - Require compliance with selected individual market rules, i.e., benefit mandates, underwriting limits
    - RI, AR
  - Limit duration, renewability
    - OR, CO, IN
  - Minimum MLR
    - RI
  - Require contributions to reinsurance

\*Depending on state, some options can be implemented administratively, some will need legislation.



# State Options to Protect Markets and Consumers

- Improve consumer disclosures & increase oversight
  - Monitor, respond to deceptive marketing
    - See e.g. consumer fraud alerts in IN, IA, AK, WY
    - Secret shopper scans
  - Require more, better consumer information
    - i.e. prominent disclosures on marketing materials, broker websites



Thank You

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