Proposed Short-Term Health Plan Rule

Implications and Options for States

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STATE Health & Value STRATEGIES

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Questions? Email Heather Howard at heatherh@Princeton.edu.
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• Based at Georgetown University’s McCourt School of Public Policy
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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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