Proposed Rule on Short-Term Health Plans Would Strengthen Patient Protections

Short-term health plans often have very limited coverage benefits and do not follow ACA rules. The proposed rule would shorten plans' coverage time, renewability and restrict deceptive marketing.

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The Department of Health and Human Services, Department of Labor and the Treasury Department jointly released a proposed rule [on July 7] that would [limit] the sale of new short-term limited duration insurance plans (STLD) to 90 days. This is similar to rules that were in place prior to 2018, but under the proposed rule would apply to all STLD plans created after the final rule is issued. The proposed rule would also require STLD issuers to comply with new notice requirements to help consumers distinguish between an STLD plan and comprehensive health coverage.

STLD plans — which often have very limited coverage benefits and do not have to follow ACA rules — were initially intended to be used for short time periods while people transitioned from one kind of insurance coverage to another; however, in 2018 a rule change extended the availability of these plans up to 364 days with indefinite options to renew — leaving enrollees vulnerable to extremely high out-of-pocket costs when diagnosed with a serious illness, or even being kicked off of plans.

STLD plans can charge more or deny coverage to people based on their pre-existing medical conditions, can set arbitrary caps on how much coverage they will provide during the year and do not have to provide coverage for essential health services like prescription drugs or hospitalization.

A statement from Lisa Lacasse, president of the American Cancer Society Cancer Action Network (ACS CAN) follows:

> "The proposed rule would strengthen insurance protections for millions of cancer patients, survivors, and anyone at risk for the disease. Because STLD plans do not have to cover or can charge more for pre-existing conditions, can set limits on their coverage and do not have to include essential health services, their premiums are often deceptively low, which people

often mistake for a better deal. Comprehensive, adequate coverage is key to curbing an individual's medical debt by covering necessary care and further, ensure proper protection – from penalties or discrimination for pre-existing conditions.

"Moreover, the deceptive and aggressive marketing these plans often employ makes it nearly impossible for the average person to determine if what they are purchasing will in any way meet their needs. The proposed rule would require clear disclosures to help better educate consumers.

"STLD plans were always intended to be a stop-gap option, not as a viable alternative to comprehensive insurance. We welcome the proposed rule change and look forward to improved patient protections."

Read more on STLD plans.

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