



TO: Wisconsin Lawmakers

DATE: September 15, 2021

RE: Opposition to Senate Bill 247/Assembly Bill 212

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The undersigned groups are writing to make you aware of our opposition to SB 247/AB 212, which would expand the availability of short-term, limited duration (STLD) health plans. Collectively, our organizations support maintaining and expanding access to high-quality, comprehensive health care coverage for Wisconsinites living with chronic health conditions. Wisconsinites need access to affordable, adequate health insurance so they can treat and manage their conditions. Unfortunately, STLD plans offer limited coverage and benefits, and are not required to have the same consumer protections as other plans.

**STLD policies do not provide comprehensive coverage:** Unlike ACA-compliant plans, STLD policies do not have to provide coverage for Essential Health Benefits (EHBs); when they do offer EHBs, these benefits are frequently capped well below the value of ACA-compliant plans.<sup>1</sup> Comprehensive coverage is especially important for consumers who are diagnosed with serious diseases like cancer, diabetes, heart disease, multiple sclerosis, or arthritis during the middle of the plan year. Without these services, patients may face astronomical costs, delays to their treatments, or may be forced to forgo treatment entirely because of costs.

These plans have also been found to employ deceptive marketing and sales tactics,<sup>2</sup> further exposing the most vulnerable Wisconsinites to unnecessary risks. On March 17, the Federal Communications Commission announced a record-setting \$225 million fine against two Texas-based telemarketers for placing one billion spoofed robocalls designed to sell STLD policies.<sup>3</sup>

**STLD policies do not provide cost-effective coverage, especially for major illness:** The recent passage of the American Rescue Plan Act (ARP) will significantly reduce the premium gap between STLD policy premiums and ACA-compliant plans for the next two years. Effective January 1, 2021, the ARP caps premiums for benchmark ACA-compliant plans at no more than 8.5 percent of a household's income. The ARP also provides a 100-percent COBRA premium subsidy for up to six months in 2021, closing another potential coverage gap.<sup>4</sup>

The economic risks of STLD plans stand out in a pair of 2020 studies commissioned by major patient advocacy organizations. One study found a newly diagnosed patient with lung cancer on a STLD plan could pay \$49,000 to \$103,400 in out-of-pocket costs (including premiums and cost sharing for medical and prescription drug expenses) during the six

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<sup>1</sup> <https://www.kff.org/health-reform/issue-brief/understanding-short-term-limited-duration-health-insurance/>

<sup>2</sup> <https://www.gao.gov/assets/710/708967.pdf>

<sup>3</sup> <https://docs.fcc.gov/public/attachments/DOC-370869A1.pdf>

<sup>4</sup> <https://www.kff.org/health-reform/issue-brief/how-the-american-rescue-plan-will-improve-affordability-of-private-health-coverage/>

months following diagnosis, compared to \$7,900 on an ACA-compliant plan.<sup>5</sup> The other study reported that a lymphoma patient would pay \$51,600 for their care annually under a STLD plan, compared to \$12,931 under an ACA-compliant plan.<sup>6</sup>

**STLD policies discriminate against people with pre-existing conditions:** STLD policies consider an individual's pre-existing condition or health status when issuing health insurance coverage. This means that a STLD policy issuer can choose to deny coverage, charge higher premiums, or choose not to cover certain benefits for individuals based on their health history. Pre-pandemic, 25 percent of non-elderly Wisconsinites (roughly 852,000 people) had a pre-existing condition that would result in them being uninsurable if they were subject to medical underwriting.<sup>7</sup> This total has certainly increased as over 607,000 Wisconsinites have been diagnosed with COVID-19.<sup>8</sup> These people would not have access to STLD policies and could only obtain coverage through ACA-compliant plans.

**Renewability does not ensure stability:** Short-term, limited-duration coverage is intended to offer consumers policies meant to fill a short-term gap in coverage. Allowing these policies to be sold for extended periods of time would cause confusion to consumers who may be misled into believing these products to be comprehensive in nature and prevent them from actually enrolling in more comprehensive plans. In 2018 the National Association of Health Underwriters (NAHU) recommended against the plan durations being proposed in SB 247/AB 212, recommending a shorter renewal period and noting that short-term coverage is not comprehensive and not a good medical solution for any consumer on a longer-term basis.<sup>9</sup>

Guaranteed renewability of STLD plans is touted by SB 247/AB 212 supporters as a protective feature, but that feature does not translate to guaranteed coverage stability. The finalized federal rule does not mandate that STLD plans come with guaranteed renewal, and the premiums and benefit sets for the plans may change from term to term. Additionally, the practice of rescission, also known as post-claims underwriting, means that an STLD plan may be retroactively canceled at any time – including after plan renewal.<sup>10</sup>

**STLD policies can impose lifetime and annual coverage limits:** Under current law, ACA-compliant plans are prohibited from imposing lifetime and annual limits on EHB services. STLD policies may impose lifetime and annual limits on coverage, potentially exposing consumers to significant out-of-pocket costs for the care they need, especially if they are diagnosed with a serious illness or injured in an accident.

**STLD policies can lead to gaps in coverage:** The expiration of STLD coverage does not constitute a qualifying event for purposes of an individual being able to obtain a special enrollment period to obtain coverage on the marketplace. This could leave the individual exposed to a significant gap in coverage.

**COVID-19 Testing and Cost-Sharing Services Not Required.** While federal guidance requires private health insurance to cover COVID-19 testing and cost sharing for related services, this requirement does not extend to short-term plans.<sup>11</sup> These plans may not cover inpatient prescriptions, vaccinations, and treatment for patients with COVID-19.

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<sup>5</sup> <https://www.ils.org/sites/default/files/National/USA/Pdf/STLD-Impact-Report-Final-Public.pdf>

<sup>6</sup> <https://www.fightcancer.org/sites/default/files/National%20Documents/Costs-of-Cancer-2020-10222020.pdf>

<sup>7</sup> Claxton, G, Cox, C, Damico, A, Levitt, L, & Pollitz, K. Pre-existing Conditions and Medical Underwriting in the Individual Insurance Market Prior to the ACA. Kaiser Family Foundation, December 2016. Available at <https://www.kff.org/health-reform/issue-brief/pre-existing-conditions-and-medical-underwriting-in-the-individual-insurance-market-prior-to-the-aca/>.

<sup>8</sup> <https://www.dhs.wisconsin.gov/covid-19/data.htm#summary>

<sup>9</sup> [https://nahu.org/media/3268/nahu\\_stp\\_comment\\_042318.pdf](https://nahu.org/media/3268/nahu_stp_comment_042318.pdf)

<sup>10</sup> <http://chirblog.org/making-short-term-plans-a-long-term-coverage-option/>

<sup>11</sup> <https://www.commonwealthfund.org/blog/2020/age-covid-19-short-term-plans-fall-short-consumers>

Additionally, Wisconsinites who have had COVID-19 now have a preexisting condition that can be used to deny coverage.

Thank you in advance for your consideration, and we look forward to continuing to work closely with you to ensure that more Wisconsinites have access to affordable, comprehensive coverage that best meets their needs. If you have any questions about the content of this letter, please contact [sara.sahli@cancer.org](mailto:sara.sahli@cancer.org), Government Relations Director, American Cancer Society Cancer Action Network.

Sincerely,

American Cancer Society Cancer Action Network  
American Heart Association  
American Lung Association  
Arthritis Foundation  
Be the Match/National Marrow Donor Program  
Greater Wisconsin Agency on Aging Resources, Inc.  
The Leukemia and Lymphoma Society  
National Multiple Sclerosis Society  
Susan G. Komen