Short-Term Limited Duration Health Plans Leave Cancer Patients Vulnerable to Extremely High Out-of-Pocket Costs

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Short-term limited duration (STLD) insurance plans do not provide the kind of comprehensive insurance coverage cancer patients need. These plans were designed only as temporary coverage and are not subject to the same Affordable Care Act (ACA) requirements as other health insurance products on the market. For instance, STLD plans are not required to provide a robust benefit package. As a result, an enrollee who was attracted to the plan's lower premiums may find – if they are diagnosed with a serious illness like cancer – that the plan does not cover all of their necessary cancer treatments. In these cases, the consumer can be left with catastrophic costs.

STLD plans fail to provide the kind of comprehensive coverage an individual would need if they were diagnosed with a serious and unplanned disease such as cancer.

STLD plans can (and most do):

- Engage in medical underwriting: issuers can deny coverage to people with pre-existing conditions, charge more based on a person's health status, or refuse to cover services related to an individual's pre-existing conditions;
- Impose lifetime and annual limits on coverage;
- Exclude coverage of essential health benefits;
- Engage in post-claims underwriting – once a person is enrolled in coverage if they submit claims for an expensive service, the issuer investigates to determine whether the enrollee's condition was a 'pre-existing condition' – and deny coverage for the condition;
- End coverage at the policy's term, even if the policyholder has gotten sick and needs coverage to continue; and
- Negatively impact the risk pool and availability and affordability of ACA-compliant plans by syphoning off younger, healthier consumers who will be more likely to purchase cheaper, bare bones plans.

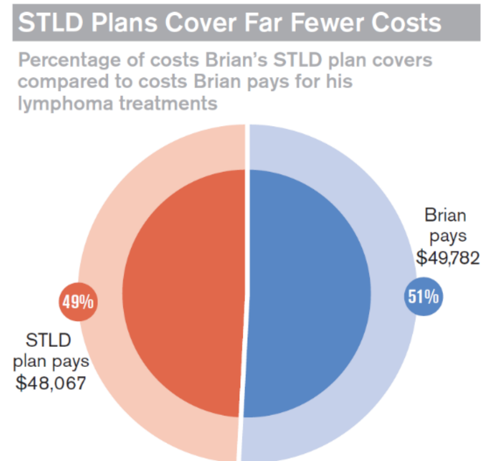
The American Cancer Society Cancer Action Network's (ACS CAN's) **The Costs of Cancer: 2020 Edition**[1] report detailed the devastatingly high costs a patient with cancer would face if he were enrolled in an STLD plan.[2]

The High Costs of Cancer in a Short-term Limited Duration Insurance Plan

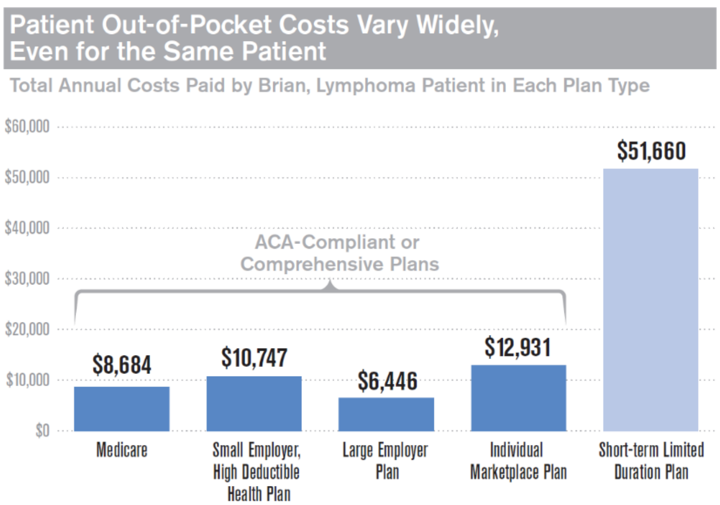
As a young adult who worked several part-time and freelance jobs, Brian was left to find health insurance on his own. He went online and bought the cheapest 12-month plan he could find through an insurance broker website, not understanding that this short-term plan did not cover a comprehensive set of benefits – for example it did not cover prescription drugs – or have to follow other patient protections. He knew it had a high deductible, but he did not expect to need many health care services this year. Unfortunately, Brian was diagnosed with Stage II diffuse large B-cell lymphoma that year; and discovered that his plan's coverage was extremely limited.

Brian had to pay an extremely high deductible (**$12,500** – which he met in February) before his plan began covering part of his cancer care costs. Once his plan began covering some costs, he still paid multiple thousands of dollars *every month* until he completed his active treatment in June. At the end of the year, he had paid a total of **$1,878 in premiums** and **$49,782 in cost sharing and costs for uncovered services**, for an annual total of **$51,660.**[3]

The total health care costs for Brian's Non-Hodgkin's Lymphoma treatment were $97,849. While Brian's STLD plan did pay some of these costs, it did not cover nearly as many of the costs that a comprehensive, Affordable Care Act (ACA)-compliant plan would have paid. Despite being marketed as an insurance plan, STLD plans are not considered comprehensive insurance coverage, and **Brian was responsible for 51% of his cancer costs**.



Non-Comprehensive Plans vs. ACA-Compliant Plans



Brian's costs would have been very different if he had been enrolled in a comprehensive or ACA-compliant plan. ACS CAN compared Brian's costs for cancer treatment if he had several different plan types – including an ACA-compliant marketplace plan, which he could have received subsidies to purchase. His out-of-pocket costs vary from over **$6,000** to almost **$13,000** amongst the ACA-compliant/comprehensive plans we included in our analysis.

His out-of-pocket costs were **over 4 times higher** when he had a STLD plan that was not ACA-compliant.

ACS CAN Policy Position

Since the Trump administration expanded access to short-term limited duration plans in 2018, there has been a significant increase in the availability and coverage length for short-term limited duration plans. This can be confusing to consumers who may mistake these plans for comprehensive, ACA-compliant coverage. ACS CAN urges the Biden Administration to rescind the 2018 rule and strictly limit or prohibit the sale of non-comprehensive health insurance plans. Policymakers at state and federal levels could also consider requiring these non-comprehensive plans to follow the same rules that ACA-compliant plans must follow.

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[1] ACS CAN. The Costs of Cancer: 2020 Edition. October 2020. www.fightcancer.org/costsofcancer

[2] Note that this patient scenario is based on a typical treatment plan for a hypothetical patient of this type. For more information, see the full report, as well as the methodology appendix at https://www.fightcancer.org/sites/default/files/National%20Documents/Costs-of-Cancer-2020-Methodology-Appendix.pdf

[3] Note that this scenario assumes that Brian's STLD covers Brian's cancer care. Many STLD plans engage in post-claims underwriting, which means that the plan would attempt to classify Brian's cancer as a pre-existing condition and therefore the plan would refuse to cover his cancer care.