

Association Health Plans and Short Term Plans: A Lose-Lose Proposition

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Under the guise of creating low-cost health options, the Trump administration has proposed two new regulations that would have dire consequences for two groups: young and healthy consumers lured into cut-rate, substandard plans that fall short when health problems develop; and older adults and people with preexisting conditions, who would be left behind in a residual individual market with skyrocketing premiums and many geographic areas that may be left without any available plans.

These rules would let sham insurance compete with existing, comprehensive plans while operating under radically different rules:

The Association Health Plan (AHP) regulation would let AHPs sell coverage that is exempt from many of the ACA's key consumer protections and that may be immune from state regulation.

The proposed rule for Short-Term Limited Duration (STLD) plans would authorize so-called "short-term insurance" that ignores nearly all ACA consumer protections and that lasts for up to 364 days, and potentially renewable for consumers whom insurers want to keep.

These plans would lower premium costs by returning to discredited practices of the past. Fully 90 percent of Americans support maintaining guaranteed coverage for people with preexisting conditions, yet these regulations would allow insurance plans that can:

- » Deny coverage to people with preexisting conditions such as breast cancer survivors and

people with diagnosed chronic conditions like depression, diabetes, or high blood pressure

- » Include unlimited premium increases based on age, gender, medical history, and other personal characteristics
- » Deny coverage of entire benefit categories that most Americans view as essential, including maternity care, prescription drugs, and treatment of mental health and substance use disorders
- » End all coverage once claims exceed arbitrary annual or lifetime caps.

Impact on Families Enrolled in Sham Insurance—Uncovered Health Care Costs and Medical Bankruptcies

AHPs and STLDs will be marketed to and bought by numerous young and healthy consumers. Make no mistake: These "insurance plans" often offer coverage in name only. Frequently offered by predatory companies, they often provide nothing more than the illusion of coverage, and enrollees often don't

TrumpCare: Bad for the Healthy, Bad for the Sick, Bad for the Markets

The current market has a mix of healthy and sick enrollees

The current market for individual insurance consists of one pool that shares risk between more and less healthy consumers. People with preexisting conditions, children with complex needs, pregnant women, and older adults are protected against discrimination. Coverage of essential health benefits is guaranteed for everyone.

Through its **short-term plan** and **association health plan** rules, the Trump administration will break this market in two. These dangerous new sham health plans don't include the current protections and benefits—leaving people vulnerable to predatory insurers and drowning in the waters of mounting health care costs.

Under TrumpCare, the market could split in two: One for the healthiest, one for everyone else



Two Markets: Pay Less and Pray You Don't Get Sick—Or Pay Through the Nose

Sham Market for Healthy Only

Cheap up-front premiums for the young and healthy, radically higher charges for others



Excludes maternity, mental health and substance use care, and prescription drugs



Can exclude catastrophic costs that exceed annual or lifetime limits



Can discriminate based on preexisting conditions, gender, age, other factors



Consumers who develop health problems hit with unaffordable costs, unable to access care

Market for the Sick & Everyone Else

Very high premiums for those without federal support



Middle-class consumers priced out of insurance



More people without insurance



Increase in medical bankruptcies



realize how limited their benefits are until it's too late. Exempt from required benefits and other basic consumer protections, these plans would not include coverage for the services enrollees need if they get sick. Those unfortunate enough to experience catastrophic costs due to accident, injury, or an unexpected diagnosis would be abandoned to bankruptcy once costs hit arbitrary annual or lifetime limits that are illegal for plans governed by the ACA.

Impact on Families in the Residual Market: Skyrocketing Premiums

Once young and healthy consumers are lured into sham plans, risk levels—hence premiums—will spike for plans that comply with consumer protection laws. Consumers who receive federal financial assistance will be shielded from much of this rate shock (though costs to the federal government will spike), but insurance

costs will skyrocket for middle-class families with incomes too high for federal assistance. As people are pulled out of the risk pool for comprehensive coverage, companies may stop selling it. This will increase the risk of “bare counties,” particularly in rural areas.

Congress Has a Responsibility to Act

These regulations are just one more step in an ongoing campaign to undermine consumer safeguards in the individual market, heedless of the impact on families who rely on that market for coverage and care. Last year, the administration cut the enrollment period in half and eliminated the majority of funding for outreach and advertising. Coming on top of the irresponsible decision to end the individual mandate without putting any enrollment incentive in its place, the “sham plan” rules now threaten to strike major new blows that fundamentally undermine the individual market.

THIS FIGHT IS FAR FROM OVER

Congress can and should protect constituent families from predatory insurance company abuse, price shocks, and bare counties by passing legislation that prevents these irresponsible rules from going into effect.