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Seven Reasons the Trump Administration's Short-Term Plans Are Harmful to Families

By Cheryl Fish-Parcham

The Trump Administration wants to turn back the clock on protections for health care consumers established by the Affordable Care Act. This latest act of sabotage on the health law came in the form of a proposed rule released this week by the Department of Health and Human Services. The proposed rule would make it legal to sell "short-term insurance" plans for long periods of time that do not comply with the ACA's consumer protections.

By drawing away young and healthy consumers, health plans sold under the proposed rule would undermine the market for real, comprehensive health insurance and instead leave consumers in plans that don't protect them when they become sick. The rule allows insurers to sell short-term plans for less than 12 months (compared to 3 months under current rules). After that, the insurer might be able to renew a policy – but would not likely do so for an unhealthy consumer.

The proposed rule is open for public comment until April 23, 5 p.m. EST. Click here to submit a comment.

Seven problems consumers could face under a short-term plan

1. Short-term plans leave consumers without adequate coverage to meet their health needs

Think you're covered? Look again. Since short-term policies do not have to comply with federal rules about what they must cover, nor about how clearly and simply they must explain their benefits to shoppers, people could easily be surprised to find out that a policy does not cover their needs. Here are some examples, taken from the fine print of several short-term health insurance policies:

- Your child ***breaks a leg*** playing soccer: Although the policy normally covers hospital care, it won't cover your child. Why? In fine print, the policy excludes "treatment of injury resulting from participation in organized sports."
- You or a loved one needs help with a ***mental health or substance use disorder***: Many short-term policies say upfront that they don't cover these conditions. In addition, even those that say they provide mental health coverage may explain in fine print that they don't cover "expenses resulting from attempted suicide," nor any expense that was a consequence of someone being intoxicated, nor a preexisting condition.
- You learn that you need *hernia surgery*, a *tonsillectomy*, or *hysterectomy*: Not covered, says your policy in fine print, even though the large print says hospital and surgical care are covered procedures.
- You become ***pregnant***: Prenatal care and delivery are likely excluded.

- Some policies say upfront that they don't cover ***prescription drugs***: Prescriptions can cost lots of money.
- For services that they do cover, policies often set ***low dollar limits on what they'll pay***, leaving you with lots of uncovered expense.

The proposed rule requires short-term plans to provide a notice telling consumers to *"Be Sure To Check Your Policy Carefully To Make Sure You Understand What The Policy Does And Doesn't Cover,"* but that's a very scant protection against these fine-print exclusions.

2. Preexisting condition exclusions and denials are the norm for short-term policies

For instance, fine print often says a policy won't cover anything for which the consumer got medical care or advice about in the last five years. Moreover, even if the consumer didn't seek care, if they had any symptoms in the last five years, their condition won't be covered.

Beyond just denying care, short-term insurers can refuse to sell applicants a policy altogether. Short-term insurers are allowed to ask lots of questions about an applicant's health status. If they don't like what they find out, they are not required to sell the individual or family a policy.

3. The insurer could retroactively cancel (rescind) a short-term policy

Before the Affordable Care Act (ACA), health insurers sometimes retroactively cancelled health insurance policies, refusing to pay for any health care if the person had any undisclosed health conditions before they bought the policy – even if the person did not know they had a condition. This left consumers on the hook for major expenses.

For instance, before the ACA, when one patient developed lymphoma, his health insurer dug up a past, unrelated instance of gallstones (which the patient did not know about and had not disclosed) and so rescinded the policy. Health insurance "rescissions" – as they are called –are now illegal except in cases of fraud or intentional misrepresentation, but this federal protection does not apply to short-term policies.

4. Short-term plans can price older people and less healthy people out of the market.

Short-term plans are allowed to charge older people any price that they want – they can set premiums to price them out of the market. An important ACA reform was that it set limits on premium pricing for other individual insurance policies: Insurers can't charge older people ***more than three times*** the prices charged to younger people, and they can't price based on health status – but these rules do not apply to short-term plans.

5. Short-term insurers can make high profits at enrollees' expense

Federal rules require real, comprehensive health insurance plans to spend most premium dollars on actual health care and quality improvement, as opposed to profits and overhead, but this rule does not apply to short-term insurance. Short-term insurers can profit as much as they like on enrollees' premium dollars and give them little protection in return.

6. Short-term insurance sales can undermine the market for comprehensive coverage

People who know they will need care would be foolish to buy short-term policies, and in fact, are likely to be denied short-term plans. But if healthier consumers buy short-term policies and sicker people buy comprehensive plans, the price of comprehensive

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coverage will escalate, because premiums for comprehensive plans will have to cover the expenses of a sicker population.

7. Short-term plans puts consumers at risk of incurring medical debt.

Before the Affordable Care Act, hundreds of thousands of Americans a year declared bankruptcy because their health insurance didn't cover critical services and, therefore, didn't provide real financial protection. Since passage of the ACA, the number of bankruptcies has been cut in half. This new rule could cause thousands of families to lose everything they've worked so hard for when they are struck by illness or injury and their health plan does not protect them from financial ruin.

Federal and state regulators should protect consumers from these problems. They should restrict short-term policies, not encourage them to proliferate. Short-term policies are not a substitute for meaningful health insurance.