

JULY 27, 2016

Major Consumer Harm Hidden in Proposed Short-Term Health Insurance Rule



OVERVIEW

On June 10, 2016, the IRS posted a [Proposed Rule](#) (ID: IRS-2016-0021-0001) that, for the portion addressing short-term health insurance, would rewrite state and federal regulation on an insurance product that has served consumers for over 30 years. This HealthPocket White Paper documents the unintended yet substantial consumer harm that will result if the new regulations on short-term health insurance contained in the Proposed Rule are implemented unmodified. In order to prevent this harm, at the conclusion of this White Paper, HealthPocket recommends an essential change to the Proposed Rule.

This White Paper gives a needed voice to the consumers who will be affected by the Proposed Rule since the Rule was released without prior industry analysis or discussion. As a leading health insurance research firm and consumer advocate, HealthPocket's health insurance [research](#) has been widely cited by top news organizations and government policymakers such as the Senate's Committee on Finance, the Congressional Budget Office, and the House Committee on Energy and Finance.

PART 1

Part 1 defines short-term health insurance and identifies the problem within the Proposed Rule

PART 2

Part 2 details the five major consumer groups that will be harmed if the Proposed Rule is implemented without modification

PART 3

Part 3 discusses how the Proposed Rule is contrary to the Affordable Care Act's goal of insurance expansion

PART 4

Part 4 proposes an essential change to the Proposed Rule that will prevent the consumer harm identified in this White Paper



PART 1

Short-Term Health Insurance and the Problem with the Proposed Rule

Short-Term Health Insurance

Short-term health insurance (STH) is limited duration “major medical insurance” for people under age 65 and provides benefits that address core medical needs such as doctor and specialist visits, lab tests, x-rays, emergency care, and hospitalization. STH coverage typically has no provider network restrictions, so consumers can select any doctor or hospital. This category of health insurance has existed for over three decades, is regulated by each state’s Department of Insurance, and is offered by large U.S. health insurers such as United Healthcare and Blue Cross Blue Shield member health plans.

STH is designed for consumers who lack permanent medical coverage or are about to lose their permanent coverage. In most states, consumers can purchase STH coverage for any duration of their choosing up to a maximum of 360 days. Most STH plans offer a lifetime maximum benefit of at least \$1 million. In comparison, several healthcare sharing ministries offer plans with per incident benefit limits of \$125,000 or less. For appreciation of the true scale of the STH lifetime maximum, the projected cost of healthcare for a twenty-year period among the more costly Medicare population (ages 65 to 85) is estimated to be [\\$433,900](#).

Like healthcare sharing ministries and grandfathered health plans (both legally

permitted outside Affordable Care Act (“ACA”) health plan requirements), STH plans apply medical underwriting to applicants and reject a small portion based on pre-existing health consideration. Nearly [nine-out-of-ten STH applicants are approved](#) for coverage.

There are no fixed open enrollment periods for STH so a consumer can apply at any time. Due to most buyers’ need for immediate coverage, STH insurance typically becomes effective within 24 hours of application submittal as opposed to significantly longer time for other forms of health insurance.

The Proposed Rule

While the Proposed Rule makes several changes to existing short-term health insurance regulations, one change carries with it substantial and quantifiable consumer harm: **The reduction of the maximum coverage period for short-term health insurance to less than three months.** This proposal dramatically changes the current maximum term of less than 12 months as well as existing state-by-state regulations on re-application. More importantly, this reduction of term and rigid reapply restriction puts at risk the health and financial well-being of large consumer populations, including some that are especially vulnerable.

The state of Nebraska has made the same objection to the Proposed Rule:



PART 1

Short-Term Health Insurance and the Problem with the Proposed Rule

“The proposed regulation would revise the definition of short-term, limited-duration insurance so that coverage must be less than 3 months in duration, including any renewal or option to renew. Nebraska opposes this restriction on the duration of short-term medical plans. It is our belief that such a restriction disallows yet another choice by consumers regarding their health care needs.”

Bruce R. Ramage

Director, Nebraska Dept. of Insurance

July 22, 2016



The proposed restriction of short-term coverage to less than three months severely undermines consumers' ability to benefit from the insurance and exposes them to catastrophic financial risk with respect to major medical events. For example, [a study](#) performed on the average per patient costs for treating breast cancer in the first year after diagnosis ranged from \$60,637 for patients in stage 0 of the disease to \$134,682 for patients in stage IV. Just as important as cost is the time associated with treatment. The American Cancer Society instructs that [chemotherapy typically lasts from three to six months](#) for patients in stages 0 through 3 of breast cancer. The restriction of STH to less than three months positions STH enrollees to lose coverage mid-treatment resulting in their paying out of pocket or stopping treatment altogether. Expenses during the uninsured period would likely be higher for people losing coverage than the earlier averages cited because the breast cancer cost analysis was performed on insured women who benefit

from an insurer's negotiated rates on medical services.

Additionally, multiple insurers offering short-term health insurance have disclosed to HealthPocket that the significant majority of medical claims happen in the latter months of a coverage period. Consequently, restricting short-term coverage to less than three months would profit insurers at the expense of insured consumers. Since the deductible period begins when the insurance policy begins, the Proposed Rule's coverage restriction increases the likelihood of scenarios where an enrollee will pay for healthcare out-of-pocket and then lose coverage shortly after the deductible is satisfied. Effectively insurers get the financial benefit of the insured's premiums but consumers will realize fewer paid medical claims through the combination of the deductible and the truncated coverage period.

As will be discussed in more detail, the five groups facing greatest injury include:

1. Uninsured consumers who cannot purchase ACA insurance outside of the Annual Enrollment Period
2. Low-income consumers in the "Medicaid Gap"
3. Consumers without legal residence in the United States
4. Rural Americans and other consumers who have deficient doctor/hospital access
5. Students and other consumers who can't afford exchange plans



PART 2

5 Major Consumer Groups Harmed by the Proposed Rule

Among the five populations facing the greatest harm from the Proposed Rule are:

1st Consumer Population Harmed:

Uninsured Consumers Who Cannot Purchase ACA Insurance Outside of the Annual Enrollment Period

The ACA currently provides an Annual Enrollment Period from November 1st through January 31st. Should a consumer not buy ACA coverage during this period, ACA coverage may not be purchased on or off exchange until the following Annual Enrollment Period. Moreover, January 1st of the following year is the earliest effective date. Unless an individual has a special life event such as a birth of a child or getting married, individuals who do not sign up for coverage during the Annual Enrollment Period are locked out of the ACA insurance market. In 2016, the ability to enroll in ACA coverage outside of Annual Enrollment became more restricted when the Centers for Medicare & Medicaid Services further [limited eligibility rules](#) for Special Enrollment Periods.

Exchange customers who let their coverage lapse face a similar plight as those people who fail to obtain insurance during the Annual Enrollment Period. By the end of March 2016, there were approximately **1.6 million fewer exchange plan enrollees**, [largely](#)

[due to nonpayment of premiums](#). For those consumers whose coverage is terminated due to nonpayment of premium, [they will have to wait until the next Annual Enrollment Period to regain ACA coverage](#).

Reducing STH coverage to less than three months legally mandates a period where millions of consumers can neither obtain ACA coverage nor obtain alternative private health insurance coverage. For example, a consumer in early February who misses the ACA enrollment deadline and enrolls in short-term coverage can only keep that coverage until May. Consequently, this consumer faces considerable financial risks from medical bills for the remaining seven months until new ACA coverage can become effective on January 1st. The multiple ways by which a consumer can be excluded from ACA coverage for most of the year clearly refutes the [Proposed Rule's assertion](#) that “with the guaranteed availability of coverage and special enrollment period requirements in the individual health insurance market under the ACA, short-term, limited-duration insurance is no longer the only means to obtain transitional coverage.”



PART 2

5 Major Consumer Groups Harmed by the Proposed Rule

The severe STH term reduction proposed during the enrollment lock-out period for exchange health plans has attracted a host of criticism:

“...I am aware of multiple instances where such an insurer has offered a member little to no warning of a due payment and then cancelled the member’s plan with equally little notice or warning of the late payment or impending cancellation. This lack of transparency and notice would be even more troubling if these members were subsequently prevented or severely inhibited from pursuing alternative insurance options. I write this comment having no affiliation with any health insurer, short-term or otherwise. Rather, my concern is for middle- and lower-class citizens who do not qualify for a hardship exemption but may nonetheless commit the excusable error of missing a single premium payment on their marketplace plans. There must be a reasonable alternative to waiting....”

 [Comment Posted on Regulations.gov](#)
June 21, 2016

“As an insurance agent that is certified with the Marketplace...I see situations where people have already missed their 60-day window of a Special Election Period and have no other option available to them until Annual Enrollment. I always encourage people to get permanent health insurance as soon as they can, helping them to understand

that Short-Term coverage doesn’t fulfill the requirements of ACA, but if they have no other options available to them, they need to have this option available to them for sometimes longer than 3 months. Please, **do not limit the ability of people to get some coverage instead of nothing when they have no Special Election Period available until Annual Election.**”

 [Comment Posted on Regulations.gov](#)
June 21, 2016

“Since there is only one time per year the average person can enrollment in medical, the short-term option, is all a person has if they do not get enrolled at the open enrollment period.”

 [Comment Posted on Regulations.gov](#)
June 20, 2016

“The open enrollment limits individuals from having a health plan. The short term health is their only alternative verse no coverage at all. I enroll more individuals into a short term plan than ACA because they fall just outside the subsidized limit and they cannot afford the premium. **Either they pay rent and buy food or pay a premium.**”

 [Comment Posted on Regulations.gov](#)
July 21, 2016

PART 2

5 Major Consumer Groups Harmed by the Proposed Rule

2nd Consumer Population Harmed:

3 Million Low-Income Americans in the “Medicaid Gap”

A significant category of enrollees in STH are low-income individuals living in [states that did not expand Medicaid eligibility](#) (which includes four of the ten most populous states). These states have a “gap” where low-income residents can have incomes that are too high for state-sponsored health coverage but are still less than the minimum income required for Affordable Care Act subsidies. According to the [Kaiser Family Foundation](#), nearly three million Americans are in this Medicaid Gap. Given the financial obstacles to health insurance for those in the Medicaid Gap, the issue has been widely reported in the media since the launch of ACA coverage in 2014.

“Fifty-four percent of people in the coverage gap already work full or part time, according to the Kaiser Family Foundation, often in low-wage retail or restaurant jobs. Half are Hispanic or black, and 86 percent live in the South.”

Abby Goodnough, [New York Times](#)



As a 2015 Reuters article observed, students traveling out-of-state for college can also fall into the Medicaid Gap through a combination of their income and temporary residency status.

“...19-year-old college student Kelly Thomas-Cutshaw, who had no insurance through family and her school did not offer group coverage. **Thomas-Cutshaw did not qualify for a subsidy under the ACA because she did not have enough income, yet she could not get Medicaid in Oklahoma, where she goes to school, because she made too much and was not a permanent resident there.**”

Beth Pinsker, [Reuters](#)



STH is particularly attractive to people in the Medicaid Gap because of the very low premiums associated with this category of health insurance. Separate and independent studies by [eHealth](#) and [AgileHealthInsurance](#) found that the average premium for STH applicants is approximately \$100 per month. As documented in a 2015 [AgileHealthInsurance report](#), the low premiums for STH makes health coverage accessible for people in the Medicaid Gap. Importantly, these Medicaid Gap consumers are also exempt from the tax penalty on coverage that is not ACA-compliant. Additionally, Americans in the Medicaid Gap who purchase STH also benefit from the savings that come through insurers’ negotiated rates on medical services, a cost reduction that is unavailable for the uninsured.

The unnecessarily short restriction on the duration of STH will add increased hardship to a population already baffled by the mechanics of the Medicaid Gap:



PART 2

5 Major Consumer Groups Harmed by the Proposed Rule

“‘Obamacare. You can get Obamacare. You ain’t gotta be working.’ That’s what it was all at first. Then you get there, and people say, ‘You’ve got to have some kind of income.’ That’s not what you all said in the beginning.”



57 year-old in Medicaid Gap, [Miami Herald](#)

3rd Consumer Population Harmed:

Consumers without Legal Residence in the United States

The Affordable Care Act [prohibits immigrants without lawful residence from using a government-run exchange to obtain health coverage.](#)

“Undocumented immigrants continue to be outside the coverage expansions under the Affordable Care Act.”

[Steve Zuckerman](#) - Urban Institute



Specifically, adults and children without legal residence in the United States are prohibited from:

- Buying health insurance on a government exchange
- Receiving health insurance premiums subsidies or out-of-pocket cost subsidies
- Enrolling in state Medicaid programs

In contrast to Affordable Care Act coverage and Medicaid, STH coverage is available to both adults and children without legal residence. Consumers without legal U.S. residence in the U.S. have been an important enrollee segment in STH plans for decades. By restricting STH coverage to less than three months, more of this population will instead be driven to Emergency Rooms or already overburdened Community Health Centers.

Community leaders and advocates for immigrants without legal residence have voiced concerns over the implications of the Proposed Rule:

“As the former board chair of the local Hispanic Chamber of Commerce, and having worked with our Hispanic community for over 12 years, health insurance options for the over 11 million undocumented residents in the U.S. was a constant issue. Statistics show that when this community gets sick, they usually weather it out with home remedies. However if it gets serious, they go straight to the emergency room. Having short-term policies as a temporary option is of high interest to undocumented immigrants living in the country. This helps to have an affordable health care protection and ultimately helps our overall health care system in keeping health care costs down. The ACA is not a solution that helps this community since they cannot access the advance premium tax credits. For many undocumented residents, short-term health insurance is their only available option for



PART 2

5 Major Consumer Groups Harmed by the Proposed Rule

coverage. Please remove the proposed 3-month limitation as such a regulation will impede this community's ability to maintain health insurance coverage."

Juancarlos Judd

Former Board Chair of the Utah
Hispanic Chamber of Commerce



"The health care system has failed to provide an affordable solution to immigrants living in the country illegally. Short-term plans provide an alternative to decent coverage at an affordable price. Keep in mind that undocumented Latino/Hispanics are excluded from the insurance-expanding provisions of the Affordable Care Act. In many situations their only affordable option to feel protected against unexpected medical claims is having access to short-term medical policies. There are over 11 million undocumented Latinos/Hispanics in the United States that are not being served under the Affordable Care Act.

It is estimated that more than half of all undocumented immigrants currently living in the United States don't have health insurance. And only a few have insurance through employer-sponsored programs, making up the nation's second-largest population of uninsured.

Latinos/Hispanics are known to be a "low-health risk demographic" a great strategy to lower health care premiums is to allow them to be part of the health risk pool and

grant them access to affordable health plan alternatives. If we take away their already limited options, we are only shooting ourselves on the foot!

The reality is that we have a broken immigration system and whether we like it or not undocumented Latinos/Hispanics are part of our community and have a high impact in our economy. So instead of simply focusing on persuading enrollment on subsidized health care plans, we need to fix the gap and bridge to this community instead of creating more obstacles. We won't have a truly healthy nation until everyone has access to quality, affordable health care coverage."

Gabriela Benitez

Managing Director at HealthBridge Utah



4th Consumer Population Harmed:

Rural Residents & Other Consumers Who Have Deficient Doctor/Hospital Access

Nearly 70% of all ACA plan networks are narrow, meaning they include 25% or less of the physicians in the area. In regions where narrow networks combine with extremely limited exchange plan choice, the result is a lack of access to preferred doctors and hospitals and the consumer frustration that attends this situation. The New York Times captures the plight of consumers insightfully in the following quote.



PART 2

5 Major Consumer Groups Harmed by the Proposed Rule

“Anytime one of us needs a doctor,” she continued, “we send out an alert: ‘Does anyone have anyone on an exchange plan that does mammography or colonoscopy? Who takes our insurance?’ It’s really a problem.”

Elisabeth Rosenthal, [New York Times](#)



Rural populations are particularly at risk for ACA network exclusions to preferred doctors and hospitals. Across the nation, approximately [50 million](#) Americans live in rural areas. Recent research by the Kaiser Family Foundation found that in **462 mostly rural counties across the U.S., residents will have access to only one carrier in 2017.**

This situation among rural ACA plans exacerbates current healthcare provider problems in those regions. As of August 2014, [60%](#) of Primary Medical Health Professional Shortage Areas were located in non-metropolitan areas. Network breadth is a very important issue among rural populations since rural healthcare providers like hospitals “serve patients who tend to be [sicker, poorer and older](#) than those in urban areas.”

Rural Americans find themselves caught between limited local resources and ACA narrow networks. In some cases, the ACA plan will force them to receive services from a provider at an unacceptable distance. In other cases, it will prevent them from being able to see a specialist. A 2015 [Harvard study](#) found that about 15% of health plans on

Healthcare.gov lack in-network coverage for at least one specialty (e.g. rheumatology, psychiatry, etc.). Consumers caught in narrow networks can find themselves struggling to find appropriate in-network care.

For rural Americans, short-term health insurance expands healthcare provider options given the broad networks that are characteristic of STH coverage. STH plans typically provide unrestricted access doctors, which is not characteristic of current ACA narrow networks.

The restriction on STH to less than three months coverage would have the unintended effect of decreasing access to healthcare providers among rural populations. Moreover, it would further exacerbate a chief complaint directed at contemporary health reform: an inability to retain a preferred doctor or hospital. The Proposed Rule’s impediment to doctor access already elicits a strong reaction on the part of consumers and their advocates:

“You should not be sabotaging people’s health insurance choices nor should you be forcing them to be in networks that often do not include their doctors.”



[Comment Posted on Regulations.gov](#)

June 20, 2016



PART 2

5 Major Consumer Groups Harmed by the Proposed Rule

5th Consumer Population Harmed:

Students & Other Consumers Who Can't Afford Exchange Plans

Alongside those in the “Medicaid Gap” are many other consumers who cannot afford unsubsidized Affordable Care Act coverage. These consumers encompass a variety of circumstances, from those who do not have the disposable income to afford unsubsidized ACA insurance to younger people such as students who cannot receive subsidies because the benchmark premium does not meet a qualifying percentage of income. For many STH enrollees ineligible for premium subsidies, **the choice is not between STH and Affordable Care Act insurance but between STH and going uninsured.**

The cost difference between unsubsidized and subsidized ACA insurance is considerable. A recent [nationwide survey](#) found that the majority of adults can only afford to spend \$100 or less on health insurance premiums. In contrast, the [average cost of ACA insurance sold on HealthCare.gov was \\$374 without subsidies](#). Moreover, the recently publicized double digit rate increases for the upcoming open enrollment period will make the ACA market even less accessible for unsubsidized consumers in 2017.

In underscoring the importance of short-term health insurance to consumers, the State of Nebraska observes:

“While a short-term medical plan may not be an all-encompassing health insurance policy, it provides some protection for

individuals who cannot afford increasingly expensive ACA-compliant coverage.”

[Bruce R. Ramge](#)

Director, Nebraska Dept. of Insurance



Students are among the various populations that can find themselves ineligible for health insurance subsidies. Subsidy ineligibility can be due to factors such as the Medicaid Gap (as discussed earlier) or the “Subsidy Gap” where a student has an income within the range for ACA subsidies but the benchmark premium does not reach the percentage of income where a subsidy is triggered. A 2014 [study](#) by HealthPocket found that young adults faced a 41% narrower income bracket to qualify for subsidies.

Terry Savage, writing in the Chicago Tribune, complained of the “economic illogic” of the proposed STH coverage limitation and its implications for students. Ms. Savage states:

“Recently, I wrote about the benefits of short-term health insurance policies. I suggested that recent college grads who were not on their parents’ policies (they’re allowed to stay until age 26, but it’s expensive) might do better purchasing short-term health insurance policies...It was a good idea — obviously, too good for government. This week the government announced it would move to curb what it calls a “loophole” in the Obamacare program by limiting short-term health policies to no more than three months.”

Terry Savage, [Chicago Tribune](#)



PART 2

5 Major Consumer Groups Harmed by the Proposed Rule

Unsurprisingly, consumers are voicing deep fear and frustration over the Proposed Rule as illustrated in the following testimonials:

“Short Term Medical policies have saved the lives of thousands of Americans both financially and by health. Buying Health Insurance thru the marketplace was not even close to affordable and keeping on my employer based plan thru COBRA was less expensive surprisingly. Once I investigated Short Term policies and the options I was able to insure my family of 6 affordably and have had no issues whatsoever. I am certain that there are thousands of other families in the same position as myself and have Short Term policies that are working fine for their families as well. Why this is even a proposal baffles me. **Please understand limiting my options and taking away my policy will leave us uninsured and at risk of medical bankruptcy if something major happens.** I am a hard working individual and all I ask is to please leave my options of Health Insurance to me as I can only afford what I can afford and nothing more.”



[Comment Posted on Regulations.gov](#)
June 16, 2016

“Please let us keep our short term health care plans. I shopped for an affordable healthcare plan on the marketplace this year and it was way too expensive, especially when you factor in the very high deductible that would have forced me to pay so much out of pocket the whole year. I’m a substitute teacher in Florida and have a family of 4 and my income is right in that spot where

the marketplace is unaffordable but my income is too high to qualify for any state health programs in Florida. **If the short term plans are eliminated I will have to go without coverage to protect my family from a medical disaster.** I won’t be buying a marketplace plan I can assure you, and I know that is your goal to young families like mine to buy on the marketplace. I feel like the whole affordable healthcare program is flawed and that by trying to put a band-aid on it by eliminating short term plan you will only hurt more and more people and not really address the issue of rising premiums in the plans on the marketplace.”



[Comment Posted on Regulations.gov](#)
June 13, 2016

“If it were up to me, I would still be working and would have insurance through my employer, but life doesn’t always go according to plan. I was forced into an early retirement and until I qualify for Medicare I need my short term health plan. Please don’t take it away. I can’t tell you how relieved I was to find it, and how upset I would be to lose it. Without these plans, there would no affordable health care plans left. **I don’t want to go without insurance in case something happens and I need it, but that’s exactly what this rule would force me to do.** As consumers, we’ve already lost so much of our voice on the issue of our health insurance and this chips away at yet another piece of our freedom.”



[Comment Posted on Regulations.gov](#)
June 28, 2016



PART 2

5 Major Consumer Groups Harmed by the Proposed Rule

“I enroll more individuals into a short term plan than ACA because they fall just outside the subsidized limit and they cannot afford the premium. Either they pay rent and buy food or pay a premium.”



[Comment Posted on Regulations.gov](#)
June 21, 2016

“This rule really rubs me the wrong way. I am self-employed and I have a short term plan that is no more or less than I want. It’s my insurance, I’m the one who has to pay for it, and I can’t tell you how aggravating it is that the federal government keeps coming in and taking those decisions away. I lost my insurance plan when Obamacare went into effect. The plan I had disappeared, overnight. I would lose my health insurance again with this rule. Insurance shouldn’t cost twice as much as your mortgage payment, yet when I looked at Obamacare coverage I found out that’s exactly how much it costs. If this rule stays, I’m going uninsured and I’ll just go outside the U.S. for treatment if I get sick. The whole system here is broken, and this only makes it worse.”



[Comment Posted on Regulations.gov](#)
July 12, 2016

“**I cannot tell you enough how I NEED my short term insurance plan.** I have insurance at an affordable price and never had any problems with my plan. I don’t understand

why the government keeps taking things away from the people. Full term plans cost too much with high deductibles.”



[Comment Posted on Regulations.gov](#)
July 21, 2016

“I am a new college graduate and recently went through the process of shopping for health insurance. A short term plan that I found online was the best option for me because it was actually within my budget. I’m looking forward to starting my career this fall, where I will be getting coverage through my employer, but my benefits don’t start until a month after I start my job. That leaves several months where I am responsible for finding my own coverage. In looking at plans at HealthCare.gov, even with the small subsidy I qualified for (due to a paid engineering internship I completed earlier this year), the options I found were simply too expensive for me right now. A short term plan gives me the health insurance I need at a time when I don’t have any income. I really don’t see how eliminating this option for people like me would do any good for anyone. Please keep these plans available for people in my situation - recent college graduates who might otherwise fall through the cracks.”



[Comment Posted on Regulations.gov](#)
June 24, 2016



PART 3

The Proposed Rule is Contrary to the ACA's Goal of Expanding Insurance Coverage

“Everybody should have some basic security when it comes to their healthcare.”

President Barack Obama



Among the goals of the Affordable Care Act are the expansion of health insurance availability and the reduction of the uninsured population. As this White Paper has documented, progress toward both of these goals will be impaired if the Proposed Rule is implemented unmodified.

The Proposed Rule's inherent contradiction with the fundamental goals of the Affordable Care Act also has not escaped notice from consumers:

“I was reduced to part time status after the loss of a large government contract. It has been 10 months and I have yet to find a full time position that pays even as much as I am making part time. **If I did not have access to this Health coverage I would have no coverage at all.**”



[Comment Posted on Regulatory.gov](#)

July 21, 2016

“I never expected to have my short-term policy for more than a few months, but I needed something when I was between jobs and I would have had to dip heavily into our savings and our children's college funds to afford an ACA plan...The bottom line is that sometimes a job search takes longer than expected, especially in today's economy. Lucky, I was just hired on by a company who offers insurance, and I no longer need my short-term policy. I was glad I had it though when it turned out I needed to keep it longer than just a few months. That's why I'm against limiting these plans, because it would take that option away for countless others who find themselves in a similar situation now or in the future. I really don't think this rule would do what you want it to do because the plans you want people to buy are too expensive. **People are going to go uninsured, and that's the exact opposite goal that we had in mind for our country with the Affordable Care Act.**”



[Comment Posted on Regulations.gov](#)

Jul 12, 2016



PART 4

An Essential Consumer-Focused Modification to the Proposed Rule

In order to prevent the harm to consumers documented in this White Paper, HealthPocket recommends that the proposed Rule be revised to make **11 months the maximum annual coverage period for short-term health insurance**. This 11-month period coincides with the current maximum term that a consumer can be locked out of the ACA market. **Additionally, there should be no restrictions on re-application for individuals who attest that any of the following 4 situations apply to them:**

- Their income falls within the “Medicaid gap”
- They lack legal residence in the U.S.
- Their doctor or hospital doesn’t accept any of the exchange plans available in the region
- They have shopped for and cannot afford any of the available exchange plans

As documented in the White Paper, each of the four aforementioned conditions prevents consumers from benefiting from ACA coverage and justifies a need for STH on an ongoing basis.

The public interest is best served by maximizing the population with health insurance. As documented in this White Paper, the Proposed Rule’s restriction of STH to less than three

months legally mandates an uninsured period for multiple vulnerable populations. Unless modified as recommended, the Proposed Rule will increase the uninsured population and create substantial financial risk for millions of consumers.

Published by HealthPocket, Inc.



Contact information for government or media inquiries regarding this White Paper:

Bruce Telkamp
CEO & Founder
HealthPocket, Inc.
444 Castro Street
Mountain View, CA 94041
brucetelkamp@healthpocket.com

Kev Coleman
Head of Research & Data
HealthPocket, Inc.
kevin.coleman@healthpocket.com



CITATIONS

The list below is ordered according to where the citation appears in the White Paper.

United States. Internal Revenue Service. Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance. 81 FR 38019. Regulations.gov, 10 June 2016. Web. 10 July 2016. <<https://www.regulations.gov/docket?D=IRS-2016-0021>>.

Coleman, Kev, et al. "Our Healthcare Research." HealthPocket. HealthPocket, Inc., n.d. Web. 10 July 2016. <<https://www.healthpocket.com/healthcare-research#.V5ayPGMlfXQ>>.

Yamamoto, Dale H. "Health Care Costs—From Birth to Death." Society of Actuaries. Health Cost Institute Independent Report Series 2013-1 (2013): n.pag. June 2013. Web. 10 July 2016. <http://www.healthcostinstitute.org/files/Age-Curve-Study_0.pdf>.

"eHealth Price Index: Trends and Costs in the Short-Term Health Insurance Market, 2013 and 2014." eHealthInsurance. eHealthInsurance Services, Inc., (n.d.): n. pag. June 2015. Web. 10 July 2016. <http://news.ehealthinsurance.com/_ir/68/20154/Short-Term%20Health%20Insurance%20Plans%20in%20the%20Post-ACA%20Market.pdf>.

Ramge, Bruce R. "Comments on the 'Expatriate Health Plans and other issues.'" State of Nebraska Department of Insurance. 22 July 2016. TS. Regulations.gov. Internal Revenue Service. 27, July 2016. Web. 27, July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0066>>.

Helen, Blumen, MD., MBA., et al. "Comparison of Treatment Costs for Breast Cancer, by Tumor Stage and Type of Service." AHDBONLINE. American Health and Drug Benefits, Feb. 2016. Web. 10 July 2016 <<http://www.ahdbonline.com/articles/2076-comparison-of-treatment-costs-for-breast-cancer-by-tumor-stage-and-type-of-service>>.

"Treatment of Invasive Breast Cancer, by Stage." American Cancer Society. American Cancer Society, last revised 04 May 2016. Web. 25 July 2016. <<http://www.cancer.org/cancer/breastcancer/detailedguide/breast-cancer-treating-by-stage>>.

Armour, Stephanie. "Health Law Enrollment Periods to Be Tightened." WSJ. The Wall Street Journal, 12 Jan. 2016. Web. 25 July 2016. <<http://www.wsj.com/articles/health-law-enrollment-periods-to-be-tightened-1452573856>>.

Mangan, Dan. "About 1.6 Million People Didn't Make Their Obamacare Payments." CNBC. CNBC LLC, 01 July 2016. Web. 10 July 2016. <<http://www.cnbc.com/2016/07/01/obamacare-enrollment-drops-after--some-miss-premium-payments.html>>.

"Premium Payments: Health Insurance Grace Periods & Termination." HealthCare.gov. United States Department of Health and Human Services, n.p., n.d. Web. 10 July 2016. <<https://www.healthcare.gov/apply-and-enroll/health-insurance-grace-period/>>.

United States. Internal Revenue Service. Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance. 81 FR 38019. Federal Register, 10 June 2016. Web. 25 July 2016. <<https://www.federalregister.gov/articles/2016/06/10/2016-13583/expatriate-health-plans-expatriate-health-plan-issuers-and-qualified-expatriates-excepted-benefits#p-122>>.

Anonymous. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 21 June 2016. Web. 10 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0008>>.

Nelson, Greg. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 21 June 2016. Web. 10 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0011>>. (emphasis added).

Shane, Jo Ann. "Regulations.gov." Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance. Internal Revenue Service, 20 June 2016. Web. 10 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0037>>.

Anonymous. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 21 July 2016. Web. 22 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0054>>. (emphasis added).

"A 50-State Look at Medicaid Expansion." Families USA. Families USA, 12 Jan. 2016. Web. 10 July 2016. <<http://familiesusa.org/product/50-state-look-medicaid-expansion>>.

Garfield, Rachel, and Anthony Damico. "The Coverage Gap: Uninsured Poor Adults in States That Do Not Expand Medicaid – An Update." Kaiser Family Foundation. Henry J. Kaiser Family Foundation, 21 Jan. 2016. Web. 10 July 2016. <<http://kff.org/health-reform/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid-an-update/>>.

Goodnough, Abby. "Piling On Work to Escape Gap in Health Law." The New York Times. The New York Times, 01 Feb. 2015. Web. 10 July 2016. <<http://www.nytimes.com/2015/02/02/us/piling-on-work-to-escape-gap-in-health-law.html>>.

Pinsker, Beth. "Despite Obamacare, Gap Health Insurance Market Explodes." Reuters. Thomson Reuters, 03 June 2015. Web. 10 July 2016. <<http://www.reuters.com/article/us-usa-health-gapinsurance-idUSKBN0O-J1G220150603>>. (emphasis added)

"How Much Does Short-Term Health Insurance Cost? eHealth Reports That Applications for Short-Term Coverage Surged Over 130% in 2014, Prices Rose Slightly." eHealthInsurance. eHealthInsurance Servics, Inc., 3 June 2015. Web. 10 July 2016. <<http://news.ehealthinsurance.com/news/how-much-does-short-term-health-insurance-cost-ehealth-reports-that-applications-for-short-term-coverage-surged-over-130-in-2014-prices-rose-slightly>>.

"7-out-of-10 People Getting Coverage on AgileHealthInsurance.com Pay \$100 or Less for Monthly Premiums." AgileHealthInsurance. AgileHealthInsurance, 28 Oct. 2015. Web. 10 July 2016. <<https://www.agilehealthinsurance.com/health-insurance-learning-center/term-health-insurance-enrollment-report>>.

"Term Insurance Less than Half the Cost of Obamacare for Consumers in the Medicaid Gap." AgileHealthInsurance. AgileHealthInsurance, 16 Sept. 2016. Web. 10 July 2016. <<https://www.agilehealthinsurance.com/health-insurance-learning-center/term-insurance-and-the-medicaid-gap>>.

Chang, Daniel. "Relying on the Healthcare Safety Net: Choosing between Dinner and a Medical Test." Miami Herald. Miami Herald, 17 Apr. 2015. Web. 10 July 2016. <<http://www.miamiherald.com/news/health-care/article18723600.html>>.

"The Affordable Care Act: Coverage Implications and Issues for Immigrant Families." ASPE/HHS. United States Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, 30 Apr. 2012. Web. 10 July 2016. <<https://aspe.hhs.gov/basic-report/affordable-care-act-coverage-implications-and-issues-immigrant-families>>.

Zamosky, Lisa. "Healthcare Options for Undocumented Immigrants." Los Angeles Times. Los Angeles Times, 27 Apr. 2014. Web. 10 July 2016. <<http://www.latimes.com/business/la-fi-healthcare-watch-20140420-story.html>>.

Judd, Juancarlos. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 21 July 2016. Web. 22 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0058>>.

Benitez, Gabriela. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 21 July 2016. Web. 22 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0060>>.

Kliff, Sarah. "Obamacare's Narrow Networks Are Going to Make People Furious — but They Might Control Costs." Washington Post. The Washington Post, 13 Jan. 2014. Web. 10 July 2016. <<https://www.washingtonpost.com/news/wonk/wp/2014/01/13/obamacares-narrow-networks-are-going-to-make-people-furious-but-they-might-control-costs/>>.

Rosenthal, Elisabeth. "Sorry, We Don't Take Obamacare." The New York Times. The New York Times, 14 May 2016. Web. 10 July 2016. <<http://www.nytimes.com/2016/05/15/sunday-review/sorry-we-dont-take-obamacare.html>>.

Newark, Vann, and Anthony Damico. "The Affordable Care Act and Insurance Coverage in Rural Areas." Kaiser Family Foundation. Henry J. Kaiser Family Foundation, 29 May 2014. Web. 10 July 2016. <<http://kff.org/uninsured/issue-brief/the-affordable-care-act-and-insurance-coverage-in-rural-areas/>>.

"Following Some Withdrawals, More Counties Could Have One ACA Marketplace Insurer In 2017." Kaiser Family Foundation. Henry J. Kaiser Family Foundation, 16 May 2016. Web. 10 July 2016. <<http://kff.org/health-reform/slide/following-withdrawals-by-some-marketplace-insurers-more-counties-could-have-one-exchange-insurer-in-2017/>>.

"Healthcare Access in Rural Communities." Rural Health Information Hub. Rural Health Information Hub, 31 Oct. 2014. Web. 10 July 2016. <<https://www.ruralhealthinfo.org/topics/healthcare-access#barriers>>.

Pyrillis, Rita. "Rural Hospitals Innovate to Meet New Health Care Challenges." HHNMag. Hospitals and Health Networks, 13 Jan. 2015. Web. 25 July 2016. <<http://www.hhnmag.com/articles/3756-rural-hospitals-innovate-to-meet-new-health-care-challenges>>.

Pear, Robert. "Regulators Urge Broader Health Networks." The New York Times. The New York Times, 08 Nov. 2015. Web. 10 July 2016. <<http://www.nytimes.com/2015/11/09/us/regulators-urge-broader-health-networks.html>>.

Forer, Richard. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 20 June 2016. Web. 10 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0045>>.

Coleman, Kev. "Survey: Most Consumers Only Can Afford \$100 or Less for Health Insurance Premiums." HealthPocket. HealthPocket, Inc., 20 Oct. 15. Web. 10 July 2016. <<https://www.healthpocket.com/healthcare-research/surveys/health-insurance-premium-affordability#.V5bZtWMIdBw>>.

Misra, Arpit, and Thomas Tsai. "Health Insurance Market Place 2015: Average Premiums After Advance Premium Tax Credits Through January 30 in 37 States Using the Healthcare.gov Platform." ASPE Research Brief (2015): 1-7. ASPE Office of Health Policy. United States Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, 9 Feb. 2015. Web. 10 July 2016. <https://aspe.hhs.gov/sites/default/files/pdf/33776/ib_APTC.pdf>.

Ramge, Bruce R. "Comments on the 'Expatriate Health Plans and other issues.'" State of Nebraska Department of Insurance. 22 July 2016. TS. Regulations.gov. Internal Revenue Service. 27, July 2016. Web. 27, July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0066>>.

Geneson, Jesse, and Kev Coleman. "18-34 Year-Olds Can Face 41% Narrower Income Bracket to Qualify for Obamacare Subsidies." HealthPocket. HealthPocket, Inc., 12 Mar. 2014. Web. 10 July 2016. <<https://www.health-pocket.com/healthcare-research/infostat/18-34-year-olds-face-smaller-income-window-for-premium-subsidies#.V5bbpmMldBw>>.

Savage, Terry. "These Regulations Hurt Consumers in the Name of Helping Them." Chicago Tribune. Chicago Tribune, 9 June 2016. Web. 10 July 2016. <<http://www.chicagotribune.com/business/sns-201606091730--tms--savagectnts-a20160609-20160609-column.html>>.

Anonymous. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 16 June 2016. Web. 10 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0005>>. (emphasis added).

Gauthier, Peter. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 13 June 2016. Web. 10 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0002>>. (emphasis added)

Jagoda, Dana. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 28 June 2016. Web. 10 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0015>>. (emphasis added)

Anonymous. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 21 June 2016. Web. 10 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0054>>.

P.B. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 12 July 2016. Web. 14 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0017>>.

Anonymous. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 21 July 2016. Web. 22 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0053>>. (emphasis added)

Gibbs, Laura. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 24 June 2016. Web. 10 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0014>>.

Obama, Barack. "President Obama Signs Health Reform Into Law." The White House. The White House, 23 Mar. 2010. Web. 10 July 2016. <<https://www.whitehouse.gov/photos-and-video/video/president-obama-signs-health-reform-law#transcript>>.

Anonymous. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 21 July 2016. Web. 23 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0062>>. (emphasis added)

Pam. "Comment to Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance." Regulations.gov. Internal Revenue Service, 12 July 2016. Web. 20 July 2016. <<https://www.regulations.gov/document?D=IRS-2016-0021-0019>>. (emphasis added)