



February 25, 2021

Senator Jeff Longbine, Chairman
Kansas Senate Financial Affairs and Insurance Committee
Re: Opposition Testimony on SB 199

Dear Chairman Longbine and Members of the Committee:

The undersigned nine groups are writing to urge you to oppose SB 199, 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 Kansans living with chronic health conditions. Kansans 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 discriminate against people with pre-existing conditions: STLD policies take into account 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, nearly 30 percent of non-elderly Kansans (roughly 465,000 people) had a pre-existing condition that would result in them being uninsurable if they were subject to medical underwriting.¹ This total has certainly increased as nearly 10% of Kansans have been diagnosed with COVID-19.² These people would not have access to STLD policies and could only obtain coverage through ACA-compliant plans, which as discussed in more detail below, will have higher premiums and fewer issuers if this legislation is enacted

STLD policies do not provide comprehensive coverage: Unlike ACA-compliant plans, STLD policies do not have to provide coverage for Essential Health Benefits (EHBs). 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 tactics and misleading coverage, further exposing the most vulnerable Kansans to unnecessary risks.³

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.

¹ 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/>.

² <https://www.coronavirus.kdheks.gov/160/COVID-19-in-Kansas>

³ <https://www.gao.gov/assets/710/708967.pdf>

STLD policies will increase premiums for comprehensive coverage: STLD policies would attract younger and healthier individuals, leaving older and sicker individuals in the risk pool for ACA-compliant plans. This will result in increased premiums for people who need comprehensive coverage. These premium increases will be particularly significant for Kansans with pre-existing conditions who need comprehensive coverage and who do not qualify for any advance premium tax credits.⁴

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 (SEP) to obtain coverage on the marketplace. This could leave the individual exposed to a significant gap in coverage.

Renewability: 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.

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.⁵ These plans may not cover inpatient prescriptions, vaccinations, and treatment for patients with COVID-19. Additionally, Kansans 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 Kansans have access to affordable, comprehensive coverage that best meets their needs. If you have any questions about the content of this letter, please contact kari.rinker@heart.org, Government Relations Director, American Heart Association.

Sincerely,

American Academy of Pediatrics, Kansas Chapter
American Cancer Society Cancer Action Network
American Heart Association
American Lung Association
Arthritis Foundation
Be The Match/National Marrow Donor Program
The Leukemia and Lymphoma Society
National Multiple Sclerosis Society
NAMI Kansas
Susan G. Komen

⁴ Blumberg, L, Buettgens, M, & Wang, R. The Potential Impact of Short-Term Limited-Duration Policies on Insurance Coverage, Premiums, and Federal Spending, The Urban Institute, February 2018. Available at https://www.urban.org/sites/default/files/publication/96781/stld_draft_0226_finalized_0.pdf.

⁵ <https://www.commonwealthfund.org/blog/2020/age-covid-19-short-term-plans-fall-short-consumers>