



**Senate Bill 35 – Short-term, Limited Duration Health Plans
Testimony - Opponent
Senate Financial Institutions and Insurance Committee
February 6, 2019**

Chairman Olson and Members of the Committee on Financial Institutions and Insurance, my name is Denise Cyzman, CEO of Community Care Network of Kansas (formerly the Kansas Association for the Medically Underserved (KAMU)). Thank you for the opportunity to provide written testimony in opposition to SB 35 - providing for short-term, limited duration insurance (STLDI) health plans.

Community Care Network of Kansas (Community Care) represents 37 community care clinics, all providing services regardless of the patient's ability to pay. Community Care and its members believe Kansas should be a state where all individuals have access to comprehensive, affordable, and quality health care. In 2018, Community Care clinics served more than 301,000 patients during almost 900,000 visits.¹

Community Care has administered the Cover Kansas Navigator Project since the Federally-Facilitated Marketplace became an option for Kansas in 2012. Navigators are certified assisters who are positioned across the state to help Kansans enroll in qualified health plans through the marketplace. Navigators work within community health centers, hospitals, health departments, Area Agencies on Aging and Disabilities, and other partner organizations. Each navigator are trained by Cover Kansas Navigator Program and complete a certification process through the Centers for Medicare and Medicaid Services. Navigators have provided unbiased assistance to help thousands of Kansans compare health insurance plans offered by Kansas carriers on Healthcare.gov, the Marketplace.

The Affordable Care Act (ACA) has several consumer protections in place and requires essential benefits, such as preventive and wellness screenings and chronic disease management, emergency services, hospitalizations². Some of these protections are being eroded. Last year, the federal government made an administrative change in the law, allowing insurance companies to offer short-term, limited duration health plans that did not have to provide all of the essential health benefits. While these plans may seem more affordable and are attractive, they are also considered "buyer beware" plans.

¹ Preliminary data for CY 2018 reported to Community Care Network of Kansas Quality Reporting System, 2019.

² Families USA, <https://familiesusa.org/blog/10-essential-health-benefits-insurance-plans-must-cover>, 2017.

Over the last six years, Cover Kansas navigators have worked with many consumers, who prior to the consumer protections offered by the ACA, had purchased health insurance coverage in the past they believed would meet their needs. However, when they experienced a severe illness that required multiple tests, hospital stays, and expensive drugs, they quickly learned that coverage they believed was comprehensive was, in fact, limited and left them with extreme medical debt. This will also be the case with STLDI health plans.

Additionally, short-term health insurance plans are inadequate in providing benefits essential for good health. According to an analysis of STLDI plans conducted by the Kaiser Family Foundation in 2018³ –

- 43% did not cover mental health services
- 62% did not cover substance abuse treatment
- 71% did not cover outpatient prescription drugs
- None covered maternity care

A May 2018 brief from the Kansas Health Institute (KHI) on short-term, limited duration insurance plans⁴:

“Consumers who purchase STLDI and later develop chronic conditions could face significant financial hardship or loss of access to benefits until they are able to enroll in ACA-compliant plans that would provide coverage for such conditions. In addition -- because STLDI plans are not subject to the ACA regulations applicable to the individual insurance market -- individuals who purchase STLDI plans may be left with large bills, since STLDI plans are exempt from the requirements for prohibitions on annual and lifetime limits and limits on deductibles and out-of-pocket costs.”

Statistics do not tell the whole story, though. Consider Jane⁵. Jane and her husband are self-employed and felt a short-term health insurance plan was the most affordable health insurance option. They purchased a short-term plan, renewable every three months. In May 2018, Jane received a routine colonoscopy that uncovered a polyp too large to remove during the colonoscopy. She required surgery. In June, her short-term plan expired. She and her husband were stunned that the renewed plan would not cover the surgery, as she was now considered to have a pre-existing condition. As a result, Jane had to find a new set of providers – specialist, surgeon, and hospital – that provided “charity care.” After two months of searching, Jane

³ Kaiser Family Foundation, <https://www.kff.org/health-reform/issue-brief/understanding-short-term-limited-duration-health-insurance/>, 2019.

⁴ Kansas Health Institute, <https://www.khi.org/policy/article/18-19>, October 2018.

⁵ Name was changed to protect identity

received her surgery with positive health results. Unfortunately, this has economically devastated their family, as they face \$68,000 in medical debt.

Yes, short-term plans have their place in the health insurance continuum. They can meet a need for people looking to bridge a short-term coverage gap. For example, new employees waiting for their employer-sponsored health benefits to become effective would find this coverage important. They short-term plans come with significant risk and have never before been intended for use over the long term. As we saw with Jane, it only takes one significant health event or accident to send a person or family spiraling into medical debt.

The devastating economic consequences of STLDI does not end with the individual and family. Long-term use of STLDI plans will result in more uncompensated care for providers, as patients wait longer to seek care yet inevitably do see care they cannot afford. Community Care Network of Kansas clinics will be hit hard. In 2018, they provided \$45 million in uncompensated care. This amount will undoubtedly rise. Small rural hospitals will also be affected. Who will cover these additional costs?

These data lead to one conclusion. This bill and the short-term plans are not in the best interest of providing Kansans with quality health care. They will result in more medical debt, more uncompensated care and will destabilize the health insurance market as healthier young people leave the marketplace. This is not good for Kansans. This is not good for Kansas.

Thank you for allowing us to share our views on this important topic.