

STATE CAPITOL Suite 237E
Topeka, Kansas 66612
785-296-7382
beverly.gossage@senate.ks.gov



Committees:
Financial Institutions/Insurance
Public Health and Welfare
Education
Judiciary

BEVERLY GOSSAGE

District 9

Testimony in support of SB199 Short Term Limited Duration Plans

02/07/2022

Good morning, Chairman Johnson, Vice Chairman Croft and Ranking Minority Member Neighbor and the distinguished members of the House Committee on Insurance and Pensions.

I am pleased to give testimony on SB199

As an independent health insurance agent, I have helped Kansans purchase a plan that fits their needs, including the ACA federal marketplace, Sharing Ministry plans, Association plans, group plans, Medicare, and short term limited duration plans from a variety of insurers for 19 years.

Short Term Limited Duration Plans (STLD), commonly called short term medical plans (STM) are often a last resort and can be the difference between people being insured or forgoing coverage due to cost.

STM plans are exempt from the definition of individual health insurance coverage under the Affordable Care Act (PPACA) and are therefore not subject to the PPACA regulations.

Target purchaser Typically nationwide the buyers have been A) employees who are between jobs and choose not to pay the high cost of COBRA or ACA Marketplace plans until they would be eligible for another employer plan, B) employees whose small employer doesn't offer group insurance and ACA Marketplace plans are too expensive, C) employees whose employer plan costs are unaffordable for their dependents and they are not eligible for subsidies under the ACA Marketplace, D) Self-employed Kansans who find the ACA Marketplace too expensive, E) College students whose school does not offer a health plan and the ACA Marketplace plans are too expensive, F) Retired seniors not quite old enough for Medicare and find the ACA Marketplace plans are cost prohibitive.

Background Insurance companies have been offering short term health policies as an alternative to traditional health insurance plans for decades. Though the federal government allows a state to permit insurers who offer STMs to give an option to the purchaser to renew for up to 36 months without medical underwriting, the Kansas statute limits an insurer to offer a single plan for up to 12 months in duration. The statute permits a purchaser to buy up to another 12 months from that same insurer, but the purchaser could be re-underwritten at each new application.

Proposed amended bill would permit insurers offering plans in Kansas to offer up to the 36 month renewal period as our neighbors Missouri, Iowa, Nebraska and Oklahoma have done. I support this extension for two reasons. 1) It diminishes the possibility of a purchaser having a condition developed in the first policy period, not covered or even causing a denial of coverage when he applies for a subsequent plan. 2) As any licensed health insurance agent who writes these plans can tell you, we have seen the private plans for clients more than quadruple since the ACA was passed. Granted those

Kansans who buy a private plan and are between 100% to 250% of the poverty level will receive a substantial tax payer-funded credit toward premium, as well as their out-of-pocket costs drastically reduced. However, many purchasers who are not low income may either receive a modest subsidy or are forced to pay full price. For those Kansans, ACA policies not only come with high premiums, but also burden them with up to an \$8700 out-of-pocket. Kansans need other options.

Consumer Protection with No Limited Enrollment Period Unlike the ACA Marketplace that forces a purchaser to wait up to 11 months if he misses open enrollment, a short term plan can start as early as the next day. But when the duration of the term purchased expires, the client must buy a new plan and any condition that occurred during that previous term becomes an uncovered condition in the next term. By allowing the duration to be renewed up to 36 months, fewer of these purchasers will find themselves with conditions that aren't covered. And fewer will have to worry about reapplying every year. This provision, of course, does not force insurers to offer the 36 month renewals but gives them the option.

STMs ARE Insurance and are regulated by the federal government and each state's insurance department. Some may argue that the value of short-term plans is "unclear" because they provide "a false sense of security," but millions of consumers would disagree. Michael Cannon of the Cato Institute who is also offering testimony illustrated this point in an article published by The Hill by recounting the story of Jeanne Balvin, a 61-year old Arizona resident.

"In 2017, Balvin purchased an STM plan from UnitedHealthcare for \$274 per month. It covered the entire cost of her emergency surgery for diverticulitis, minus a \$2,500 deductible. Had she purchased an ACA plan, her premium would have been three times as high and her deductible in the range of \$6,000." If her state allowed the extension and she was in her first year of a three-year renewal, the diverticulitis would be a covered expense for another two years after the medical incident and the insurer could not raise her premiums. [In a win for consumers, a court ruling affirms the legality of short-term health insurance plans | TheHill](#)

There are many "Jeanes" who have had similar experiences with STM plans. One is a Capitol staff member right here in Topeka who purchased a short term medical plan before being employed here. The person was forced to have an emergency gall bladder surgery a month later. All of the \$97,000 of costs were covered after he paid his \$2500 deductible. The premium would have been more than double for an ACA plan and his out-of-pocket costs would have been in excess of \$8000.

Lower Premium Options Until the federal government can amend the ACA to make these major medical plans more affordable for middle-income Kansans, the short term plans, sharing plans and association plans are their only options. The short term plans are at least 60% to 70% lower in premium than the ACA plans primarily because they do not cover pre-existing conditions or other benefits that some purchasers do not want or would rather pay cash for, such as normal maternity, prescriptions, chiropractic services or mental health. Purchasers appreciate that they only pay for what they want insurance to cover. The purchaser will consider using the savings in premium to pay for the services not covered by the STM policy, should they be needed. ACA plans often have a regional network and limited provider selection, while most short term plans provide a national network of providers. Obviously, STM plans are not for everyone, but fill a need. There are some insurers who offer guaranteed issue short term plans but the premiums are higher, of course

Actual quotes, (see screenshots below). The ACA Marketplace policies for a female, age 62 in zip code 66204, range from \$747 to \$1650 monthly with an out-of-pocket ranging from \$8600 to \$5000. By contrast, the most popular STM with a \$5000 out-of-pocket is only \$440 with plans as low as \$162. A “healthy” discount is available to reduce premiums even more.

For an age 22 male the Marketplace plans would be between \$247 and \$525 respectively with matching out-of-pockets as outlined above. By contrast, the most popular STM plan is only \$100 with plans as low as \$56.

Short term plans are not right for all Kansans but for many people are the difference between being insured and forgoing coverage. I urge this committee and the full House to vote for this bill to allow Kansans more choices in purchasing private insurance for a longer duration without being reunderwritten.

A handwritten signature in cursive script that reads "Beverly Gossage". The signature is written in black ink on a light gray rectangular background.

Age 62 Female Zip Code 66204
ACA Marketplace lowest priced plan

Estimated monthly premium

\$579.55

Ambetter from Sunflower Health Plan

[Ambetter Essential Care 1](#)

Bronze | EPO | Plan ID: 34368KS0110021

New plan - Not rated

Compare

Deductible

\$8,600

Individual total

Out-of-pocket maximum

\$8,600

Individual total

Estimated total yearly costs

Copayments / Coinsurance

<p>Emergency room care</p> <p>No Charge After Deductible</p>	<p>Generic drugs</p> <p>\$23</p>	<p>Primary doctor</p> <p>No Charge After Deductible</p>	<p>Specialist doctor</p> <p>No Charge After Deductible</p>
---	---	--	---

Plan features

- ✗ Adult Dental
- ✗ Child Dental

Add your medical providers and we'll show you which plans cover them.

Add your prescription drugs and we'll show you which plans cover them.

ACA Marketplace highest priced plan

Estimated monthly premium

\$1,650.41

Blue Cross and Blue Shield of Kansas City

[Blue KC Community Gold 1500 with broad Preferred-Care Blue EPO](#)

Gold | EPO | Plan ID: 94248KS0560007

New plan - Not rated

Compare

Deductible

\$1,500

Individual total

Out-of-pocket maximum

\$5,000

Individual total

Estimated total yearly costs

Copayments / Coinsurance

<p>Emergency room care</p> <p>20% Coinsurance after deductible</p>	<p>Generic drugs</p> <p>\$10</p>	<p>Primary doctor</p> <p>\$30</p>	<p>Specialist doctor</p> <p>\$60</p>
---	---	--	---

Plan features

- ✗ Adult Dental
- ✗ Child Dental

Add your medical providers and we'll show you which plans cover them.

Add your prescription drugs and we'll show you which plans cover them.

STM popular plan

<p>Enhanced PPO 5k, 50/50</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$5,000	\$5,000 after ded.	50% after ded.	50% after ded.	Not Covered	<p>\$285.81</p> <p><small>As Low As</small></p> <p><small>\$228.65</small></p>	<p><input type="button" value="Proceed Standard"/></p> <p><input type="button" value="Proceed Preferred"/></p>
<p>Enhanced PPO 5k, 80/20</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$5,000	\$5,000 after ded.	20% after ded.	20% after ded.	Not Covered	<p>\$332.15</p> <p><small>As Low As</small></p> <p><small>\$265.72</small></p>	<p><input type="button" value="Proceed Standard"/></p> <p><input type="button" value="Proceed Preferred"/></p>
<p>Enhanced PPO 5k, 100/0</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$5,000	No Charge after ded.	No Charge after ded.	No Charge after ded.	Not Covered	<p>\$439.16</p> <p><small>As Low As</small></p> <p><small>\$351.32</small></p>	<p><input type="button" value="Proceed Standard"/></p> <p><input type="button" value="Proceed Preferred"/></p>
<p>Guaranteed Issue PPO 5k, 90/10</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$5,000	\$5,000 after ded.	10% after ded.	10% after ded.	Not Covered	<p>\$767.11</p>	<p><input type="button" value="Proceed Standard"/></p> <p><input type="button" value="Proceed Preferred"/></p>
<p>Guaranteed Issue PPO 3.5k, 80/20</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$3,500	\$6,500 after ded.	20% after ded.	20% after ded.	Not Covered	<p>\$1,027.82</p>	<p><input type="button" value="Proceed Standard"/></p> <p><input type="button" value="Proceed Preferred"/></p>
<p>DEDUCTIBLE: \$5,001 - \$10,000</p>							
<p>Essentials PPO 10k, 60/40</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$10,000	\$7,500 after ded.	40% after ded.	40% after ded.	Not Covered	<p>\$162.80</p> <p><small>As Low As</small></p> <p><small>\$130.24</small></p>	<p><input type="button" value="Proceed Standard"/></p> <p><input type="button" value="Proceed Preferred"/></p>

Age 22 Male Zip Code 66204
ACA Marketplace lowest priced plan

Estimated monthly premium

\$247.35

Medica

[Select by Medica Catastrophic \(\\$0 Virtual Care\)](#)

Catastrophic | EPO | Plan ID: 39520K50040013

★★★★☆ 1

[Compare](#)

Deductible ⓘ

\$8,700

Individual total

Out-of-pocket maximum ⓘ

\$8,700

Individual total

Estimated total yearly costs ⓘ

[Add yearly cost](#)

Copayments / Coinsurance ⓘ

Emergency room care <small>No Charge After Deductible</small>	Generic drugs <small>No Charge After Deductible</small>	Primary doctor <small>\$30 Copayment with deductible</small>	Specialist doctor <small>No Charge After Deductible</small>
---	---	--	---

Plan features

- ✘ Adult Dental
- ✘ Child Dental

[Add medical providers](#)

Add your medical providers and we'll show you which plans cover them

[Add prescription drugs](#)

Add your prescription drugs and we'll show you which plans cover them.

[Plan Details](#)

[Like This Plan](#)

ACA Marketplace highest priced plan

Estimated monthly premium

\$574.45

Blue Cross and Blue Shield of Kansas City

[Blue KC Community Gold 1500 with broad Preferred-Care Blue EPO](#)

Gold | EPO | Plan ID: 94248K50560007

New plan - Not rated ⓘ

[Compare](#)

Deductible ⓘ

\$1,500

Individual total

Out-of-pocket maximum ⓘ

\$5,000

Individual total

Estimated total yearly costs ⓘ

[Add yearly cost](#)

Copayments / Coinsurance ⓘ

Emergency room care <small>20% Coinsurance after deductible</small>	Generic drugs <small>\$10</small>	Primary doctor <small>\$30</small>	Specialist doctor <small>\$60</small>
---	---	--	---

Plan features

- ✘ Adult Dental
- ✘ Child Dental

[Add medical providers](#)

Add your medical providers and we'll show you which plans cover them

[Add prescription drugs](#)

Add your prescription drugs and we'll show you which plans cover them.

[Plan Details](#)

[Like This Plan](#)

STM popular plan

<p>Essentials PPO 5k, 60/40</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$5,000	\$7,500 after ded.	40% after ded.	40% after ded.	Not Covered	<p>\$55.52</p> <p><small>As Low As \$44.41</small></p>	<p>Proceed Standard</p> <p>Proceed Preferred</p>
<p>Enhanced PPO 5k, 50/50</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$5,000	\$5,000 after ded.	50% after ded.	50% after ded.	Not Covered	<p>\$65.19</p> <p><small>As Low As \$52.15</small></p>	<p>Proceed Standard</p> <p>Proceed Preferred</p>
<p>Enhanced PPO 5k, 80/20</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$5,000	\$5,000 after ded.	20% after ded.	20% after ded.	Not Covered	<p>\$75.76</p> <p><small>As Low As \$60.61</small></p>	<p>Proceed Standard</p> <p>Proceed Preferred</p>
<p>Enhanced PPO 5k, 100/0</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$5,000	No Charge after ded.	No Charge after ded.	No Charge after ded.	Not Covered	<p>\$100.16</p> <p><small>As Low As \$80.13</small></p>	<p>Proceed Standard</p> <p>Proceed Preferred</p>
<p>Guaranteed Issue PPO 5k, 90/10</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$5,000	\$5,000 after ded.	10% after ded.	10% after ded.	Not Covered	\$174.96	<p>Proceed Standard</p> <p>Proceed Preferred</p>
<p>Guaranteed Issue PPO 3.5k, 80/20</p> <p><small>Plan Brochure</small> PPO AETNA</p>	\$3,500	\$6,500 after ded.	20% after ded.	20% after ded.	Not Covered	\$219.30	<p>Proceed Standard</p> <p>Proceed Preferred</p>