Expanded Sale of Short-Term Health Plans Could Harm Cancer Patients

Cancer Action Network American Cancer Society
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On October 12, 2017, the President signed an Executive Order directing relevant federal agencies to consider expanding the availability and renewability of short-term health plans. Proponents claim that these plans will provide additional insurance options with lower premiums. However, there are serious concerns about how such policy changes will affect cancer patients and survivors and create instability in state marketplaces.

What Are Short-Term Health Plans?

Short-term health plans are intended to fill the gaps when a consumer is between other coverage options. For instance, someone between jobs may purchase a short-term plan. While these plans do help some individuals while they experience temporary gaps in insurance, their existence under current rules is truly intended to be temporary – partly because these plans do not have to follow coverage standards or other important rules. Expanding the use and duration of short-term plans is problematic for a number of reasons:

Short-term plans offer limited benefits*:* These policies are exempt from the consumer protections provided under federal law. For example, they do not have to cover essential health benefits (EHBs) – including preventive services, hospitalizations, physician services, and other services that cancer patients need. Without these protections, individuals could find themselves enrolled in policies that fail to provide coverage of medically necessary services. In addition, lifetime and annual limit protections are tied to EHB standards. Because short-term plans do not have to adhere to the EHB standards the plans are allowed to impose lifetime and annual limits on such services.

Short-term plans may have pre-existing condition exclusions*:* These plans are medically underwritten, which means that insurers can take into account a person's pre-existing conditions or health status when determining whether to offer coverage. This means that individuals with a prior history of cancer can be denied coverage or charged more for it.

Short-term plans are not subject to Medical Loss Ratio requirements: Federal medical loss ratio requirements determine how much a health plan is required to spend on paying medical claims versus overhead expenses. Federal law requires that health plans in the individual market spend a minimum of 80 percent of the premium dollar on medical claims. In contrast, in 2016, the largest issuer selling short-term health plans, which do not have this requirement, spent less than half of the premium dollar collected paying medical claims.[1]

Renewability of short-term plans undermines market stability: Short-term plans tend to appeal to younger, healthier individuals. Allowing these plans to be renewed allows these individuals to more permanently stay out of the market of ACA-compliant plans, leaving older and sicker individuals in the remaining individual market. This will increase costs for that population, including cancer patients and survivors, over time.

ACS CAN Position

ACS CAN does not support expanding the availability or the renewability of short-term health plans. People with cancer and survivors need to know that the insurance coverage they purchase will ensure that they have access to the life-saving treatments they need and adequately protect them against the extraordinary cost of health care.

[1] D. Palanker, K. Lucia, and E. Curran, "President Trump's Executive Order: Expanding Access to Short-Term Health Plans Is Bad for Consumers and the Individual Market, To the Point, The Commonwealth Fund, Oct. 11, 2017.