

## **VOTE YES: SB 404 AND HB 1037**

Short Term Limited Duration Health Insurance Plans (STLD) are currently offered in Virginia\* and meet the needs of some consumers with short coverage gaps. However, STLD federal regulations were loosened in 2018.

**SB 404 and HB 1037 are needed to ensure important consumer protections for Virginians.**

### **STLD plans lack many important consumer protections.**

- STLD plans are not required to cover prescription drugs, maternity benefits, mental health, substance use disorders, or pre-existing health conditions
- STLD plans can charge more based on a pre-existing condition or gender and can cap what they pay for services, exposing the consumer to high out-of-pocket costs
- STLD plans can use 40% of premiums for overhead, marketing, and salaries – not health care.

STLD plans are often misrepresented to consumers, and many purchase them without knowing their limitations. STLD plans are aggressively marketed during the annual Health Insurance Marketplace Open Enrollment, particularly online by individuals and entities outside of Virginia. Consumers who enroll in them during this period are then unable to enroll in comprehensive health coverage later in the year.\*\*

**SB 404 and HB 1037 protect consumers while still making STLD plans available to those who experience a short coverage gap by:**

- Limiting coverage to a non-renewable 3-month period
- Requiring STLD plans to spend 85% of premiums for health care services
- Barring the sale of STLD plans during Open Enrollment

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\*See *Report of the Virginia Market Stability Work Group*, RD 564, December 2018, pp. 14-18 and Appendix C. <https://rga.lis.virginia.gov/Published/2018/RD564/PDF>

\*\* See *The Marketing of Short-Term Plans*, January 31, 2019, pp. 6-9. <https://www.rwjf.org/en/library/research/2019/01/the-marketing-of-short-term-health-plans.html>

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For more information contact:

Jill Hanken, (804) 351-5258 [jill@vplc.org](mailto:jill@vplc.org)

Sara Cariano, (804) 332-1432, [sara@vplc.org](mailto:sara@vplc.org)