

Oppose HB237

HB237 rolls back important consumer protections on Short-Term Limited-Duration (STLD) plans that were passed in 2020. It will:

- Allow STLD plans to be sold during Open Enrollment.
- Lift state limits on the duration, renewal, and extension of STLD plans.

Short-Term Limited-Duration Plans are currently available and meet the need of some consumers with short coverage gaps.¹ But, they are not designed to be comprehensive, year-round coverage and lack many 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 deny coverage, deny a renewal, or exclude services because of a pre-existing condition.
- STLD plans can charge more based on gender or a pre-existing condition.
- STLD plans can put daily, annual, or lifetime limits on benefits - leading to unexpected costs for enrollees.
- Per the SCC, “Most STLD plans are sold through an out of state group or association and are not subject to all the laws of Virginia.”²
- A recent analysis showed that the top five health insurers only spent \$.39 of every STLD plan premium dollar on benefits.³ ACA plans are required to spend \$.80-\$.85 of every premium dollar on benefits.

STLD plans are often misrepresented to consumers, and many purchase them without knowing their limitations. Prior to limits passed in 2020, STLD plans were aggressively marketed during the annual Health Insurance Marketplace Open Enrollment Period, 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.⁴

More Information: Sara Cariano • sara@vplc.org • (804) 332-1432

¹ 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>

² See *Not All Health Plans are the Same, Know What Your Signing Up For.* <https://www.scc.virginia.gov/getattachment/5de69817-48d2-4cfc-8594-56048816edde/HealthCoverageAlts.pdf>

³ See *Short-term Health Plans Spend Little on Medical Care*, August 06, 2019. <http://www.https://www.modernhealthcare.com/insurance/short-term-health-plans-spend-little-medical-care>

⁴ 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>