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Testimony Supporting S.B. 34: An Act Concerning Short-Term Health Insurance

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Insurance and Real Estate Committee
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Senator Lesser, Representative Scanlon, Senator Kelly, Representative Pavalock-D'Amato, and esteemed members of the Insurance and Real Estate Committee,

I am submitting this testimony on behalf of Connecticut Voices for Children, a research-based child advocacy organization working to ensure that all Connecticut children have an equitable opportunity to achieve their full potential.

Connecticut Voices for Children supports this proposal because meaningful insurance coverage is the first step towards accessing health care. Short-term health insurance plans often offer minimal coverage and few consumer protections.¹ Further, recent changes in federal regulations have made the term “short term” somewhat inaccurate, as such plans may last up to 364 days and may be renewed.² **Requiring “short term” plans to cover all essential benefits protects families** who may not understand the impacts on their healthcare and their budgets when signing up for such plans or may experience unanticipated health care needs such as an unexpected illness or pregnancy.

The intention of “short-term” alternatives is to offer lower premiums. In practice, such plans may offer little or no coverage for families, who must be able to afford high co-pays and deductibles to access treatment or medications. Short-term plans may include caps on coverage costs or require participants to pay higher premiums due to their age or health status.³ The Urban Institute projected that offering **short-term plans would result in a significant decrease in the number of families in Connecticut with minimum essential coverage** and an increase in average premiums.⁴ Further, a UCONN survey found that just one in three enrollees in Connecticut’s health insurance exchange could calculate out-of-pocket costs when utilizing a plan with a copayment and deductible.⁵ This survey also noted racial disparities in health insurance literacy, suggesting that plans that do not cover essential benefits could increase racial disparities in health care access. This proposed bill would protect against inadequate coverage for those who choose to enroll in short-term plans.

When enrolled in poor-quality health insurance plans, working families risk paying premiums and still being unable to access care due to the high cost-sharing and poor benefits of these plans. Prior to federal protections for essential health benefits, 34 percent of enrollees had no coverage for substance abuse services, 18 percent had no coverage for mental health services, and 62 percent had no coverage for maternity services.⁶ This bill ensures that short-term plans provide reasonable coverage by adhering to the same standards as longer term plans, though such short-term plans may still expose families to high out-of-pocket costs.

Thank you for the opportunity to submit this written testimony in support of S.B. 34. I can be reached with any questions at ksiegel@ctvoices.org or at 203-498-4240, ext. 120.

¹ Urban Institute. (2018) “The Potential Impact of Short-Term Limited Duration Policies on Insurance Coverage, Premiums, and Federal Spending.” Retrieved from:
https://www.urban.org/sites/default/files/publication/96781/2001727_0.pdf

² Kaiser Family Foundation. (2018) “ACA Open Enrollment: For Consumers Considering Short-Term Policies.” Retrieved from: <https://www.kff.org/health-reform/fact-sheet/aca-open-enrollment-for-consumers-considering-short-term-policies/>

³ Kaiser Family Foundation. (2018) “Understanding Short-Term Limited Duration Health Insurance.” Retrieved from:
<https://www.kff.org/health-reform/issue-brief/understanding-short-term-limited-duration-health-insurance/>

⁴ Urban Institute. (2018) “The Potential Impact of Short-Term Limited Duration Policies on Insurance Coverage, Premiums, and Federal Spending.” Retrieved from:
https://www.urban.org/sites/default/files/publication/96781/2001727_0.pdf

⁵ UCONN Health Disparities Institute. (2017) “Health Insurance Literacy Survey Report.” Retrieved from:
https://health.uconn.edu/health-disparities/wp-content/uploads/sites/53/2017/04/HIL-Brief-4_2017.pdf

⁶ Department of Health and Human Services. (2011). “Essential Health Benefits: Individual Market Coverage.” Retrieved from: <https://aspe.hhs.gov/system/files/pdf/76356/ib.pdf>