

Trump's cheaper short-term health plans have coverage gaps

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The Trump administration on Wednesday cleared the way for insurers to sell short-term health plans as a bargain alternative to pricey Obama-law policies for people struggling with high premiums.

But the new policies don't have to cover existing medical conditions and they offer limited benefits. That may not translate to broad consumer appeal among people who need an individual policy.

"For many who've got pre-existing conditions or who have other health worries, the Obamacare plans might be right for them," Health and Human Services Secretary Alex Azar acknowledged on Fox & Friends. "We're just providing more options."

Officials say the plans can now last up to 12 months and be renewed for up to 36 months. But there's no federal guarantee of renewability. Plans will carry a disclaimer that they don't meet the Affordable Care Act's requirements and safeguards.

Unable to repeal much of the Obama-era law, Trump's administration has tried to undercut how it's supposed to work and to create options for people who don't qualify for ACA subsidies based on their income.

Officials are hoping short-term plans will fit the bill. Next year, there will be no tax penalty for someone who opts for short-term coverage versus a comprehensive plan, so more people might consider the option. More short-term plans will be available starting this fall.

But critics say the plans are "junk insurance" that could lead to unwelcome surprises if a policyholder gets sick, and will entice healthy people away from the law's markets, raising premiums for those left. Under the Obama administration, such plans were limited to three months' duration. Some states do not permit them.

A major insurer group quickly expressed disapproval.

"The broader availability and longer duration of slimmed-down policies that do not provide comprehensive coverage has the potential to harm consumers, both by making comprehensive coverage more expensive and by leaving some consumers unaware of the risks of these policies," said Justine Handelman of the Blue Cross Blue Shield Association, whose members are a mainstay of ACA coverage.

President Donald Trump has been enthusiastic. "Much less expensive health care at a much lower price," he said, previewing the plans at a White House event last week. "Will cost our country nothing. We're finally taking care of our people."

The administration estimates that premiums for a short-term plan could be about one-third the cost of comprehensive coverage. A standard silver plan under the Obama law now averages \$481 a month for a 40-year-old nonsmoker. A short-term plan might cost \$160 a month or even less.

But short-term insurance clearly has fewer benefits. A Kaiser Family Foundation survey of current plans found none that covered maternity, and many that did not cover prescription drugs or substance abuse treatment—required under the Obama law. They can include dollar limits on coverage and there's no guarantee of renewal.

Senate Democratic leader Chuck Schumer of New York said Democrats will "do everything in our power" to block the administration. It wasn't

immediately clear how that might happen.

Short-term plans have been a niche product for people in life transitions: those switching jobs, retiring before Medicare eligibility or aging out of parental coverage.

Azar said the new plans are tailor-made for the "gig economy."

Some in the industry say they're developing "next generation" short-term plans that will be more responsive to consumer needs, with pros and cons clearly spelled out. Major insurer UnitedHealthcare is marketing short-term plans.

Delaware insurance broker Nick Moriello said consumers should carefully consider their choice.

"The insurance company will ask you a series of questions about your health," Moriello said. "They are not going to cover anything related to a pre-existing condition. There is a relatively small risk to the insurance company on what they would pay out relative to those plans."

Nonetheless, the CEO of a company that offers short-term plans said they're a "rational decision" for some people.

"It's a way better alternative to not being insured," said Jeff Smedsrud of Pivot Health. "I don't think it's permanent coverage. You are constantly betting that for the rest of your life you won't have any health issues."

Smedsrud said most plans restrict coverage for those who have sought treatment for a pre-existing condition over the past five years.

Short-term plans join "association health plans" for small businesses as the administration promotes lower-cost insurance options that cover less.

Federal regulations for association health plans have been approved. Such plans can be offered across state lines and are also designed for self-employed people.

The nonpartisan Congressional Budget Office estimates that roughly 6 million more people will eventually enroll in either an association plan or a short-term plan. The administration says it expects about 1.6 million people to pick a short-term when the plans are fully phased in.

About 20 million are covered under the Obama law, combining its Medicaid expansion and subsidized private insurance for those who qualify.

Enrollment for the law's subsidized private insurance is fairly stable, and HealthCare.gov insurers are making money again.

But a recent Kaiser Foundation analysis found turmoil in the unsubsidized market.

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