

PROTECT ACCESS TO AFFORDABLE COVERAGE FOR 3 MILLION AMERICANS

Short-term insurance provides an important and affordable transition option for many consumers in need of temporary and flexible coverage lengths, and during times when enrollment in other coverage is not available. Under current federal regulations, consumers can enroll in short-term insurance for up to 12 months, with the option to renew for up to 36 months.

What is short-term insurance



A valuable coverage option for 3 million people.



Affordable, with premiums approximately one-quarter the cost of ACA plans.



Protects people from unexpected medical expenses, especially during Covid-19, and can offer a broad range of benefits and network of providers.



Bridges coverage gaps for consumers who do not meet Medicaid or ACA subsidy qualifications.

The Biden Administration is considering regulatory action to shorten the coverage duration and prevent consumers from renewing short-term insurance. The nonpartisan Congressional Budget Office estimates 500,000 people who currently have short-term insurance would become uninsured if these restrictions on short-term insurance are enacted.

Key Facts

Short-term insurance is an important coverage option for over 3 million Americans:

- Often chosen by individuals who do not qualify for Medicaid or ACA subsidies.
- The typical consumer is covered by short-term insurance for 6 months on average.
- Serves a wide range of consumers from young adults to individuals nearing Medicare eligibility.
- Intended to bridge a coverage gap to longer-term coverage, such as for those no longer eligible for a parent's insurance plan, in between jobs, outside of the open-enrollment period, or waiting for other coverage to begin.
- According to an eHealth survey, 91% of short-term insurance plan enrollees were either 'very satisfied' or 'somewhat satisfied' with their coverage.
- Coverage duration flexibility enables individuals to maintain coverage when they become ill and need it most.

Evidence shows short-term insurance has not harmed the ACA market:

- A Galen Institute report shows since the 2018 rule took effect "states that fully permit short-term plans have experienced improvements in their individual markets compared to states that restrict short-term plans on every dimension—enrollment, choice of plans, and premiums."
- States that restrict short-term insurance experienced:
 - A 25% increase in ACA plan offerings, compared to a 61% increases in states that permit short-term insurance.
 - A decline in ACA premiums of 2.7% compared to a 5.6% decline in states that permit short-term insurance.

Short-term insurance premiums cost one-fourth of ACA plans:

- According to eHealth, on average, premiums for short-term insurance are \$107 per month, compared to premiums for ACA plans which average \$477 per month.
- Premiums for ACA exchange plans are on average 3-4 times higher, while typically offering narrower HMO networks, compared to short-term insurance policies which are commonly PPOs.

Short-term insurance is helping people during COVID:

- Short-term plans cover COVID-19-related testing, vaccination and treatments.

Short-term insurance is heavily regulated by the states:

- In addition to federal regulation, 31 states have laws further regulating short-term insurance.
- Robust state oversight helps to ensure short-term plans meet the needs of the people who purchase these coverage options.

Short-term insurance is not the right choice for everyone:

- Transparency about the benefits and limits of short-term plans that help make them affordable options is critical, and premiums are only one factor consumers should consider when selecting a health plan.
- While short-term plans do provide comprehensive medical coverage, and many plans cover some essential benefits, short-term plans do not cover pre-existing conditions, so people with past or current medical issues, including chronic conditions, should not purchase this type of plan.

Protect affordable health coverage for 3 million Americans who choose short-term insurance by preserving this important transition option for consumers. A pandemic is not the time to restrict coverage options and increase the number of uninsured by 500,000.

What They Are Saying

WSJ

“Short-term plans don’t meet the health needs of every American, but many are taking stock of their options and choosing these products as best for them.”
Wall Street Journal Editorial Board | February 11, 2021

Manhattan Institute
Allied Medical Training

“Restricting good, affordable insurance for people who purchase plans before they get sick is not the way to strengthen assistance for those who are already seriously ill.”
Manhattan Institute | May 16, 2019

GALEN
INSTITUTE

“The only states where individual market premiums have increased since 2018 are the five states that effectively prohibit short-term plans.”
Galen Intitue | February 12, 2021

SBE
COUNCIL
Small Business & Entrepreneurship Council

“Many more people are cycling between full-time jobs and “gig” work, and temporary health insurance plans help fill the coverage gap at a reasonable cost.”
Small Business and Entrepreneurship Council | February 20, 2018