



AMERICA'S ESSENTIAL HOSPITALS

April 23, 2017

R. Alexander Acosta
Secretary
U.S. Department of Labor
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Washington, DC 20210

Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, DC 20220

Alex Azar II
Secretary
U.S. Department of Health and Human
Services
Hubert H. Humphrey Building
200 Independence Ave. SW
Washington, DC 20201

Seema Verma, MPH
Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human
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200 Independence Ave. SW
Washington, DC 20201

RE: CMS-9924-P: Short-Term, Limited-Duration Insurance

Dear Mr. Acosta, Mr. Azar, Mr. Mnuchin, and Ms. Verma:

Thank you for the opportunity to comment on the above-mentioned departments of Labor, Treasury, and Health and Human Services proposed rule on short-term, limited-duration insurance. While we support efforts to provide additional health insurance coverage options, America's Essential Hospitals has concerns about the potential effect of the proposed changes on hospital providers and their patients.

America's Essential Hospitals is the leading champion for hospitals and health systems dedicated to high-quality care for all, including the vulnerable. Filling a vital role in their communities, our 325 member hospitals provide a disproportionate share of the nation's uncompensated care and devote about half of their inpatient and outpatient care to Medicaid or uninsured patients. Nearly half of member discharges in 2015 were for racial and ethnic minorities—patients who rely on the culturally and linguistically competent care only essential hospitals can provide. Our members provide this care while operating on margins substantially lower than other hospitals—3.2 percent on average compared

with 7.4 percent for all hospitals nationwide.¹ Through their integrated health systems, members of America's Essential Hospitals offer a full spectrum of primary care through quaternary care, including trauma care, outpatient care in ambulatory clinics, public health services, mental health services, substance abuse treatment, and wraparound services vital to disadvantaged patients.

Low-income patients, who rely on essential hospitals, might experience insurance turnover with changes in employment status. They could churn between private insurance, Medicaid eligibility, and a loss of coverage before seeking alternative, affordable private insurance; this search could lead them to short-term, limited duration plans. It is important to recognize that these low-income patients generally are not as healthy as those with private coverage and typically receive less preventive care.² These patients have come to depend on the extensive services only available at essential hospitals.

To ensure patients are protected, the departments should consider the following comment when finalizing the above-mentioned proposed rule.

1. Short-term, limited duration insurance issuers must provide consumers clear information that fully explains the coverage and enables purchasers to determine whether their health care needs will be met and protected.

Short-term, limited duration insurance plans forgo coverage of minimum essential health services and other coverage protections stemming from the Affordable Care Act (ACA) to keep premiums low. America's Essential Hospitals is concerned that expanding the duration and availability of these plans could result in consumers choosing affordability over comprehensive coverage. This would leave countless people with too little coverage to meet their health care needs and, ultimately, drive up uncompensated care.

The proposed rule would require plans to prominently display a notice in all contracts and application materials that indicates to consumers that such plans do not meet minimum essential coverage and other federal health insurance requirements and protections of the ACA. While display of this notice is important, it might not be sufficient to inform consumers about limitations to their coverage. The departments must require short-term, limited duration insurance plan issuers to convey all aspects of covered services necessary for a consumer to ensure a plan meets their health care service needs.

Many essential hospital patients have well-established, long-standing relationships with their providers; these patients likely will continue to seek care from their current providers regardless of coverage provided by short-term, limited-duration insurance plans. If plan networks limit access to the services essential hospitals provide, patients will face additional out-of-pocket costs to maintain these crucial relationships. Others will have to disrupt their care continuum to find new providers.

¹Roberson B, Ramiah K. Essential Data: Our Hospitals, Our Patients—Results of America's Essential Hospitals 2015 Annual Member Characteristics Survey. America's Essential Hospitals. June 2017. www.essentialdata.info/. Accessed March 30, 2018.

² The Henry J. Kaiser Family Foundation. Key Facts about the Uninsured Population. September 19, 2017. <https://www.kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/>. Accessed March 30, 2018.

Patients with short-term, limited-duration coverage that excludes necessary services will be responsible for significant amounts of their care costs, leading to financial challenges for low-income individuals. Essential hospitals that provide care to vulnerable, low-income patients will face uncompensated costs associated with uncovered services and unpaid cost-sharing for covered services.

The proposed language for the notice prompts consumers to check the plan carefully to understand what is covered. However, many consumers might be surprised to learn that short-term, limited-duration plans differ from other individual insurance plans on the group market. **The departments must ensure issuers of short-term, limited-duration insurance plans provide consumers with comprehensive, clear information about their plan by expanding the notice required to be prominently displayed on all contracts and application materials.** We urge the departments to expand the proposed notice language to explicitly note that these plans are not renewable; could exclude coverage for pre-existing conditions; might not cover essential health benefits; can impose lifetime and annual limits; and might not offer other consumer protections. Including more prescriptive language in the notice will serve consumers as they weigh their insurance coverage options.

America's Essential Hospitals appreciates the departments' consideration of these comments and welcomes the opportunity to work with you on this vital issue. If you have questions, please contact Senior Director of Policy Erin O'Malley at 202-585-0127 or eomalley@essentialhospitals.org.

Sincerely,

Bruce Siegel, MD, MPH
President and CEO