

ConsumersUnion®

POLICY & ACTION FROM CONSUMER REPORTS

March 19th, 2018

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Majority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Ryan, Leader McConnell, Leader McCarthy, Leader Schumer and Leader Pelosi:

On behalf of Consumers Union, the advocacy division of nonprofit Consumer Reports, we write to express our strong opposition to short-term plans being included in any manner in the Fiscal 2018 omnibus. Consumers Union has a long history of working for a fairer and more just marketplace for consumers. We believe all Americans deserve healthcare and coverage that is accessible and affordable. Proliferating short-term plans would take us farther from that ideal, not closer.

Short-term plans split the individual insurance market and make comprehensive coverage less affordable for consumers who need or want it. Short-term plans are expected to attract younger, healthier consumers, due to the lower cost premiums achieved through less comprehensive coverage. Consumers who remain in the individual market will be those more likely to need robust coverage—older consumers, those with chronic conditions, and couples looking start a family, for example. If short-term plans are allowed to flourish, the less healthy risk mix of consumers who want comprehensive coverage will lead to higher premiums. For many consumers with chronic illnesses and high medical need, premiums for comprehensive coverage may become unaffordable within a short time. The overall result: a fragmented, destabilized individual market with higher costs.

Short term plans also allow exclusion of coverage for those with pre-existing conditions and rating based on medical factors. Consumer Reports has long warned about the risks—financial and medical—of the skimpy policies, placing them under the category of “junk insurance.” In the past, these limited policies caught consumers unawares of the many exclusions and high out-of-pocket costs they imposed.¹ Expanding the duration and availability of short-term plans

¹ See “Junk health insurance: Stingy plans may be worse than none at all,” *Consumer Reports*, March 2012



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would put consumers' interest in jeopardy and would destabilize the individual and small group insurance markets on which tens of millions of consumers rely.

We urge you to do what is right for consumers to keep short-term plans out of the Fiscal 2018 Omnibus.

Sincerely,

Elizabeth Imholz
Special Projects Director

<https://www.consumerreports.org/cro/magazine/2012/03/junk-health-insurance/index.htm>; "Is 'short-term' health insurance a good deal?", Consumer Reports Online Dec. 22, 2017, <https://www.consumerreports.org/health-insurance/is-short-term-health-insurance-a-good-deal/>