

## United States Senate

WASHINGTON, DC 20510

706 HART SENATE OFFICE BUILDING  
WASHINGTON, DC 20510

(202) 224-2823  
FAX: (202) 224-9673

90 STATE HOUSE SQUARE, TENTH FLOOR  
HARTFORD, CT 06103  
(860) 258-6940  
FAX: (860) 258-6958

915 LAFAYETTE BOULEVARD, SUITE 304  
BRIDGEPORT, CT 06604  
(203) 330-0598  
FAX: (203) 330-0608

<http://blumenthal.senate.gov>

August 6, 2018

The Honorable Katherine L. Wade  
Commissioner  
Connecticut Insurance Department  
153 Market Street  
Hartford, Connecticut 06103

Dear Commissioner Wade,

I write to urge you to ban the issuance of short-term limited duration health insurance plans as expanded by the Trump administration, as they are inherently deceptive and fail to provide critically important coverage. Other states, including New York, New Jersey, and Massachusetts have banned such “junk plans” or put reasonable restrictions in place, recognizing they are no better than a security blanket—providing a false sense of safety while offering little real protection. While I continue to fight the rule expanding these disastrous plans at the federal level, the Connecticut Insurance Department (CID) should use the powers granted to it under this rule to ban their expansion in Connecticut.

Short-term, limited-duration plans are marketed as low cost, affordable health insurance. However, consumers get what they pay for – insurance policies riddled with exclusions and conditions with none of the consumer protections that are required by the Affordable Care Act (ACA).

Unlike ACA policies, these junk plans can exclude coverage for pre-existing conditions like cancer, diabetes, heart disease, mental health conditions, or even a past pregnancy. And the consumer may be unaware that they have a pre-existing condition at the time they purchase the policy. This is not merely conjecture—I saw these hardships across Connecticut in the days prior to passage of the ACA. Indeed, insurers could claim that they would not cover hospitalization for a brain tumor because the consumer had a headache years prior to buying the policy. Consumers who thought they were insured were saddled with hundreds of thousands of dollars in medical bills – often leading to bankruptcy. The ACA stopped that terrible practice and Connecticut should not allow a return to such inhumane, unfair practices.

Also, unlike ACA policies, these junk plans are not required to cover common medical expenses like maternity care, substance use disorder treatment, preventive services, mental health treatment, and prescription drugs. Consumer will be shocked to discover that coverage for medically necessary treatments for sports related injuries, pain and chronic fatigue and joint replacement are denied. One study found in Connecticut that no short-term plan covered

maternity care and nearly half did not cover prescription drugs.<sup>1</sup> It is the height of hypocrisy for the Administration to tout their commitment to addressing the opioid crisis while allowing insurance policies that deny critical services for those with a substance use disorder and mental health issues.

Unlike ACA policies, insurers offering short term junk plans are not required to spend at least 80 percent of consumer-paid premiums on health care. I expect that with these plans, insurers will return to the days of arbitrary denials for vital coverage for the sole purpose of boosting profits. In fact, a National Association of Insurance Commissioners study found that short term policies often spend far less of their revenue on medical claims, averaging less than 65 percent.<sup>2</sup> Some plans kept more than half of the premium revenue for administrative and marketing costs.

Some have said that consumers should simply read the fine print. However, these policies – even with some plain language requirements – are inscrutable to the most trained eye. There may be a section that states the policy will cover certain medical expenses, only to be limited or excluded in another section. For example, some policies include hospital coverage but only pay up to \$1,000 per day or refuse to pay for hospitalization if it occurs on a weekend. Regrettably, only after consumers get the bill will they realize they are on the hook for thousands of dollars in medical costs

Connecticut should not aid the Trump administration's efforts to sabotage and undermine the ACA by luring consumers away from exchange policies with the false promise of low cost coverage. By reducing the number of consumers on the exchanges, insurers will raise premiums for individuals who cannot afford to forgo comprehensive health insurance coverage. One analysis predicted that, with this new policy in place and the loss of the individual mandate penalty, ACA-compliant plans would see a staggering 16.5 percent increase.<sup>3</sup> Further, in releasing increased rate requests for 2019, the Connecticut Insurance Department cited "uncertainty in Washington" and listed short-term, limited-duration, "which may have implications for the ACA risk pool."<sup>4</sup>

This new rule is an attempt to deceive the American public and endanger the health and finances of not only those who purchase these products, but those who will see their premiums for comprehensive health insurance on the exchanges rise as a result. These policies are bad for Connecticut and bad for consumers.

---

<sup>1</sup> Karen Pollitz, Michelle Long, Ashley Semanskee, and Rabah Kamal, "Understanding Short-Term Limited Duration Health Insurance," Kaiser Family Foundation (23 Apr. 2018) <https://www.kff.org/health-reform/issue-brief/understanding-short-term-limited-duration-health-insurance/>

<sup>2</sup> Sanger-Katz, Margot. "What to Know Before You Buy Short-Term Health Insurance." *The New York Times*, Aug. 1, 2018. <https://www.nytimes.com/2018/08/01/upshot/buying-short-term-health-insurance-what-to-know.html>

<sup>3</sup> Linda J. Blumberg, Matthew Buettgens, and Robin Wang, "The Potential Impact of Short-Term Limited-Duration Policies on Insurance Coverage, Premiums, and Federal Spending" *Urban Institute* (February 2018). <https://www.urban.org/research/publication/updated-potential-impact-short-term-limited-duration-policies-insurance-coverage-premiums-and-federal-spending>

<sup>4</sup> Connecticut Insurance Department. "Health Insurance Rate filings for 2019," accessed August 6, 2018, <https://www.catalog.state.ct.us/cid/portalApps/HCfiling2019.aspx>

I strongly urge you to act quickly and decisively to protect Connecticut residents by banning such products in this state.

Thank you.

Sincerely,

A handwritten signature in blue ink, reading "Richard Blumenthal", is positioned above a horizontal line.

Richard Blumenthal  
United States Senate