



April 18, 2018

The Honorable Alex Azar
Secretary
Department of Health & Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Azar:

On behalf of the American Academy of Family Physicians (AAFP), which represents 129,000 family physicians and medical students across the country, I write in response to the [proposed rule](#) titled, “Short-Term, Limited-Duration Insurance” as published by the Internal Revenue Service, Employee Benefits Security Administration, and the Centers for Medicare & Medicaid Services in the February 21, 2018 *Federal Register*.

This regulation proposes to amend the definition of short-term, limited-duration insurance for purposes of its exclusion from the definition of individual health insurance coverage. The rule proposes to expand the availability of short-term, limited-duration health insurance by allowing consumers to buy plans providing coverage for any period of less than 12 months, rather than the current maximum period of less than three months.

The AAFP strongly opposes the proposed rule since it allows plans to sell low-value insurance policies that could subject patients to catastrophic medical bills and medical bankruptcy. We oppose efforts to exempt short-term, limited-duration plans from consumer protections such as covering pre-existing conditions or essential health benefits (EHBs). Furthermore, we oppose allowing any plans to establish caps on annual benefits since limiting benefits can expose patients to extraordinarily high out-of-pocket costs. This is particularly problematic for people who have chronic or life-threatening conditions that require costly treatment, close monitoring and ongoing medication.

We are troubled by how the proposed rule would further destabilize the individual market by drawing young, healthy people away from meaningful, comprehensive coverage. Allowing younger and healthier individuals to gamble with low-quality insurance will raise the premiums of those with *Affordable Care Act (ACA)* compliant plans, which would have the detrimental effect of putting better coverage beyond the reach of millions of the sickest Americans.

The AAFP has steadfastly called for policies that ensure all Americans have access to affordable, meaningful health insurance. Federal policies should support patient-centered insurance reforms that prohibit insurers from selling plans that fail to provide meaningful coverage.

We recognize that short-term, limited-duration plans could expand affordable access to health coverage for certain individuals. However, the AAFP has significant concerns with these proposals

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since short-term, limited-duration plans will not provide meaningful insurance coverage. While these plans could increase the availability and affordability of services, we do not think doing so should come at the expense of meaningful insurance coverage.

Importance of Essential Health Benefits

All commercial and private health insurance plans should adhere to the ACA's EHB requirements to prevent insurance discrimination against any individual based on their health status, age or gender. Women, older, and sicker Americans would likely face higher costs and fewer affordable insurance options if the proposed rule is enacted. The AAFP is also concerned that under the proposed rule, insurers could reduce or eliminate certain EHBs to avoid vulnerable, expensive patients by excluding specific services. In doing so, insurers could potentially make plans more expensive for people with long-term chronic conditions or with sudden medical emergencies. Inadequate benefits could leave this population with too little coverage to meet their health care needs.

Need for a Standard Primary Care Benefit for High-Deductible Health Plans

The AAFP is increasingly concerned with the escalation in deductibles that has occurred in the employer-sponsored, small group, and individual insurance markets. Higher deductibles create a financial disconnect between individuals, their primary care physician, and the broader health care system. Therefore, in an effort to maximize the proven benefits of health care coverage and a continuous relationship with a primary care physician, the AAFP developed a [proposal](#) for the establishment of a standard primary care benefit for individuals and families with high-deductible health plans (HDHP). We have introduced this concept to staff at the Center for Consumer Information and Insurance Oversight (CCIIO) and have been working closely with them to explore the inclusion of a standard primary care benefit in Marketplace plans that qualify as "high-deductible." We would welcome the opportunity to further discuss the AAFP's proposal with HHS at the appropriate time. The AAFP is eager to partner with HHS to implement this important benefit.

Under our proposal, individuals would be able to connect with the health care system through visits with their primary care physician or their primary care team. These visits would be exempt from cost-sharing requirements such as deductibles and co-payments. The establishment of a standard primary care benefit would guarantee connectivity to the health care system for individuals with HDHPs and serve as a guardrail against disease progression that leads to more costly care.

Individuals with a HDHP, as defined by the Internal Revenue Service, would have access to their primary care physician, or their primary care team, without the cost-sharing requirements (deductibles and co-pays) stipulated by their policy.

The company issuing the HDHP to the individual or family would be responsible for providing full coverage of primary care services for the plan year. Covered services would include primary care, prevention & wellness and care management services. Plans would pay primary care physicians for the following services at the contracted rate:

1. Evaluation & Management (E&M) codes for new and existing patients 99201-99215;
2. Prevention & wellness codes 99381-99397;
3. Chronic care management codes (CCM); and
4. Transition care management (TCM) codes.

Ensuring connectivity to the health care delivery system through continuous access to a primary care team is not only efficient health policy, it also is sound economic policy for individuals, families and

employers. A recent [study](#) conducted by the University of Portland found that every \$1 invested in primary care resulted in \$13 in savings for other health care services, including specialty, emergency room, and inpatient care.

Support for Medical Loss Ratio Policy

Issuers of short-term, limited-duration insurance would not be required to comply with ACA medical loss ratio (MLR) requirements for group and individual health insurance coverage if the proposed rule becomes law. Over several years, the AAFP has supported applying the MLR policies to all health insurance plans. The MLR is expressed as a percentage, generally representing the percentage of revenue used for patient care, rather than for other items such as administrative expenses or profit. The AAFP continues to support implementation of MLR requirements since they help ensure health care resources are focused on patient care rather than insurer profits. We therefore urge HHS to apply the MLR policy to any and all short-term, limited-duration insurance plans.

Required contract warnings for prospective plan enrollees

This proposed rule would require that short-term, limited-duration insurance plans, in 14-point and capitalized font, warn prospective enrollees:

- That coverage is not required to comply with federal requirements for health insurance;
- To check your policy carefully to make sure you understand what the policy does and doesn't cover;
- That if the coverage expires or you lose eligibility for this coverage, you might have to wait until an open enrollment period to get other health insurance coverage; and
- That the coverage is not "minimum essential coverage."

While we appreciate that HHS acknowledges that a warning is needed, we also note that its very existence argues against the creation or promotion of short-term, limited-duration insurance plans. We strongly encourage HHS to instead focus on enrolling people into insurance plans with robust and ACA-compliant coverage.

Duration of short-term, limited-duration plans

The regulation seeks comments on the appropriate length of short-term, limited-duration insurance plans. The AAFP strongly believes that these types of plans should continue to be limited to three months. The AAFP believes short-term, limited-duration plans are meant to be a bridge, not a substitute for long-term meaningful coverage.

We appreciate the opportunity to provide these comments. Please contact Robert Bennett, Federal Regulatory Manager, at 202-232-9033 or rbennett@aafp.org with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "John Meigs, Jr.", with a stylized flourish at the end. The signature is written in a cursive, somewhat slanted style.

John Meigs, Jr., MD, FAAFP
Board Chair

About Family Medicine

Family physicians conduct approximately one in five of the total medical office visits in the United States per year – more than any other specialty. Family physicians provide comprehensive, evidence-based, and cost-effective care dedicated to improving the health of patients, families and communities. Family medicine’s cornerstone is an ongoing and personal patient-physician relationship where the family physician serves as the hub of each patient’s integrated care team. More Americans depend on family physicians than on any other medical specialty.

CC:

Kirsten B. Wielobob, Deputy Commissioner for Services and Enforcement
Internal Revenue Service

Preston Rutledge, Assistant Secretary
Employee Benefits Security Administration

Seema Verma, Administrator
Centers for Medicare & Medicaid Services