

Why GAO Did This Study

Millions of Americans who lost their jobs during the COVID-19 pandemic also lost their ESI. Short-term plan insurance was one option for these consumers. However, these plans can be significantly different from other health coverage options for those losing ESI. Therefore, it is important to understand the role they play in the market and for individual consumers.

GAO was responsible under the Coronavirus Aid, Relief, and Economic Security Act for monitoring the federal government's pandemic response. In this report, GAO describes what is known about short-term plans and the role that they might play for individuals who lost ESI during the pandemic. Stakeholder views of the value of short-term plans in meeting consumer needs are also discussed.

GAO conducted a literature search and review of studies on short-term plans and conducted interviews with national organizations such as the National Association of Insurance Commissioners. GAO also interviewed seven policy researchers selected to include diverse policy perspectives and stakeholders. This included (1) officials from six state insurance departments selected to represent different levels and types of regulation, and (2) representatives from four organizations that sell short-term plans.

PRIVATE HEALTH INSURANCE

Limited Data Hinders Understanding of Short-Term Plans' Role and Value during the COVID-19 Pandemic

What GAO Found

One option that may be available to those who lose jobs with employer-sponsored insurance (ESI) during the COVID-19 pandemic is short-term plans, which can cover certain health expenses. These plans are generally not subject to federal requirements for individual health insurance coverage established by the Patient Protection and Affordable Care Act (PPACA), such as restrictions on basing premiums on pre-existing health conditions and the requirement to cover 10 essential health benefits. Federal requirements for short-term plans are primarily limited to defining their duration—the length of time a consumer can be covered by them. States have broad authority and discretion in regulating short-term plans, and regulation of short-term plans varies across states. For example, some states have prohibited their sale and some have imposed restrictions in addition to federal requirements.

GAO found that limited and inconsistent data hinder understanding of the role short-term plans played during the COVID-19 pandemic for those who lost ESI, such as whether they were used by consumers as temporary coverage or as a longer-term alternative to PPACA-compliant plans. Policy researchers and representatives of national organizations that GAO interviewed said there was a lack of comprehensive data and information on short-term plans, including data on how many people enroll in them and for how long. In addition, data collected on short-term plans varied across the six states that GAO reviewed.

- Two states did not have data on short-term plan enrollment.
- Three states reported fewer than 10,000 enrollees in short-term plans and trends varied as to whether enrollment increased or decreased.
- One state did not have short-term plans offered from 2019 through 2021.

State officials in the five states with plan sales were not able to report on the role of short-term plans for consumers, as none of them collected data on the duration of short-term plan coverage.

Views vary widely about the value of short-term plans to consumers. Officials from two of the six states GAO reviewed and other stakeholders interviewed said that short-term plans meet an important need for certain consumers who lost ESI during the COVID-19 pandemic. They said short-term plans provide additional options for certain consumers such as those needing temporary insurance until they become employed again, and those who cannot afford insurance premiums for PPACA-compliant plans. In contrast, officials in two other states and some other policy researchers said that short-term plans did not provide good value to consumers. While most of those GAO interviewed said that short-term plans often had lower premiums than PPACA-compliant plans, some also emphasized that short-term plans (1) provided fewer benefits, (2) were not available to those with pre-existing conditions, and (3) could result in higher total out-of-pocket costs for some consumers compared to PPACA-compliant plans. In addition, unlike PPACA-compliant plans, short-term plans are not subject to federal requirements to provide consumers with key information about their benefits that would facilitate comparison with other options.