

April 8, 2019

The Honorable Bobby Scott  
Chairman  
House Committee on Education and Labor  
U.S. House of Representatives  
2176 Rayburn House Office Building  
Washington, DC 20515

The Honorable Virginia Foxx  
Ranking Member  
House Committee on Education and Labor  
U.S. House of Representatives  
2101 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Scott and Ranking Member Foxx:

On behalf of the physician and medical student members of the American Medical Association (AMA), I am writing to express the AMA's strong support for H.R. 1010, "To provide that the rule entitled, 'Short-Term, Limited Duration Insurance' shall have no force or effect" (Castor, D-FL). This legislation would overturn the final short-term limited duration insurance (STLDI) rule issued on August 3, 2018 by the U.S. Departments of Health and Human Services (HHS), Labor (DOL), and Treasury (Treasury).

The goal of the STLDI final rule was to expand the availability of STLDI plans. The final rule extends the maximum duration of STLDI plans from three months to up to 12 months, and allows insurers to renew STLDI plans further for up to 36 months. The AMA strongly opposed this rule, stating in our letter to the Departments that "The AMA shares the goals of the Departments to support state and federal efforts to increase health plan choices and make coverage affordable and comprehensive for individuals seeking health insurance in the individual and small group markets...Unfortunately, this proposed rule is antithetical to achieving these goals, as it would undercut crucial state and federal patient protections, disrupt and destabilize the individual health insurance markets, and result in substandard, inadequate health insurance coverage. Accordingly, we urge the Departments to withdraw the proposed rule."

The AMA objected to the rule in part because STLDI plans are exempt from the Affordable Care Act's (ACA) consumer protection provisions and benefit standards, including the prohibition on pre-existing conditions exclusions, the guaranteed availability requirement, modified community rating (including gender and age rating protections), the prohibition on annual and lifetime coverage limits, and the annual out-of-pocket limits that protect consumers from large health care costs. Without the consumer protections required by the ACA, STLDI is considerably less expensive than individual market insurance and hence is very attractive to healthy individuals who do not want or think they do not need comprehensive coverage. The final rule allows these skimpy, non-ACA-compliant plans to compete against ACA-compliant plans in a parallel market.

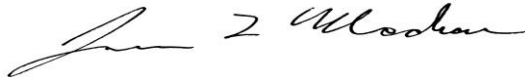
The AMA is concerned by predictions from health policy experts that the expansion of STLDI will undermine the individual insurance market and create an uneven playing field by luring away healthy consumers, thereby damaging the risk pool and driving up premiums for consumers left in the ACA-compliant market. The AMA believes that the expansion of STLDI plans will reverse progress that has been made in expanding meaningful coverage to millions of previously uninsured Americans.

The Honorable Bobby Scott  
The Honorable Virginia Foxx  
April 8, 2019  
Page 2

Accordingly, the AMA is pleased to support H.R. 1010, which would prevent the Departments from implementing, enforcing, or otherwise giving effect to the STLDI rule and prohibit the Departments from issuing a “substantially similar” rule.

The AMA applauds your leadership in holding a markup on H.R. 1010, and looks forward to working with you and your colleagues to advance this bill through the House of Representatives.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Madara". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

James L. Madara, MD