



IHPI BRIEF

Short-Term Health Plans: State Options to Support The Health of Moms and Babies



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Maternity Coverage is Important for Healthy Moms and Babies



Insurance coverage helps expecting moms access maternity care services that are proven to reduce preterm birth, delivery complications and infant mortality.¹



Coverage helps moms manage serious medical conditions such as diabetes, hypertension, and substance use disorder. These conditions affect at least 10% of pregnancies (with higher rates in rural and low-income communities) and put women at increased risk of pregnancy complications.²



Half of pregnancies
in the U.S. are unplanned.



**Nearly 4 million
babies** are born
every year in the U.S.



What is maternity care?



+



+



pregnancy

labor &
delivery

postpartum

The Evolving Policy Landscape Affecting Maternity Coverage

Many women—even those with health insurance—lacked maternity coverage prior to 2014.

- Overall, 6 in 10 pregnant women had coverage gaps during 2005 to 2013.³
- Only 12% of individual health insurance plans included maternity coverage.⁴
- Women without maternity coverage faced significant costs for care (typical price charged for pregnancy and newborn care: \$32,000 for an uncomplicated vaginal birth; \$51,000 for an uncomplicated cesarean birth).⁵

In 2014, the Affordable Care Act (ACA) increased access to maternity services by:

- Requiring individual plans to cover maternity services as an “essential health benefit”.
- Limiting access to short-term plans by restricting their duration and renewability.

Federal regulations that went into effect in October 2018 re-expanded access to short-term plans by:

- Extending their duration to 12 months (up from 3 months).
- Allowing insurers to renew coverage for up to 36 months.



What are short-term plans?

Short-term plans were designed to provide coverage for major medical events for a limited duration of time.

They are not required to cover essential health benefits or comply with other ACA market reforms. None cover maternity services, according to one review of short-term plans offered in 45 states and Washington DC on two online private insurance marketplaces (eHealth and Agile Health Insurance).⁶



Expanded Access to Short-Term Plans May Mean More Women Without Maternity Coverage

Since pregnancy is not a planned healthcare event for many women, they may not consider the importance of maternity coverage when shopping for insurance.

Pregnancy itself is not considered a qualifying life event and does not make a woman eligible for a Special Enrollment Period. If a woman covered by a short-term plan becomes pregnant outside of the open enrollment period, she may face significant out-of-pocket spending for maternity care.



Short-term plans are likely to attract:

Uninsured women (8.7 million women age 15-49 in 2017)⁷

Women in individual plans (5.8 million women ages 15-49 in 2017)⁷

Healthy women

Short-Term Plans May Be Attractive to Some, But May Have Health and Financial Consequences for Mother and Child

Why might short-term plans be attractive to women?

- Lower premiums than marketplace plans (due to limited benefits and preexisting condition exclusions).
- No enrollment periods (coverage can start immediately).
- Act as a bridge during insurance gaps, providing some coverage in case of major medical events.

How might short-term plans harm women?

- Limited benefits (no coverage for maternity care; limited or no coverage for preventive care, prescriptions, behavioral healthcare).
- High out-of-pocket spending for routine healthcare
- Won't help with really costly services (most plans cap annual coverage at \$2 million or less).⁷
- Can deny coverage or charge more based on individual characteristics (such as gender, age, and pre-existing conditions—including pregnancy).
- Plan renewability isn't guaranteed (often can't keep the plan if you get sick).
- Healthy people may leave state-run marketplaces, resulting in higher premiums for those remaining.

State Regulatory Options to Support the Health of Moms and Babies

States have regulatory authority over short-term plans and have various policy options to address women's access to maternity coverage and care that improves maternal-child health.⁸ The chart below outlines some of the approaches that states have taken.

Policy options

Examples



Prohibit health insurers from issuing, selling or renewing short-term plans within the state.



California: Legislation bars the sale of short-term plans, effective January 1, 2019.⁹



Limit the length of time that short-term plans are allowed to cover individuals, including restricting renewals and total plan duration.



Indiana: Limits duration of short-term plans to 6 months and prohibits renewals.¹⁰



Impose consumer protections similar to ACA plans (e.g., require maternity coverage; prohibit discrimination on the basis of pre-existing conditions, including pregnancy).



Rhode Island: State rules require that all health plans cover essential health benefits, do not exclude pre-existing conditions and meet medical loss ratio standards. No short-term plans are currently offered.¹¹



Policies that encourage access to maternity coverage are likely to improve:



The chances of a healthy pregnancy



Access to essential prenatal care services



Management of chronic conditions before and during pregnancy



Financial security (through reduced out-of-pocket spending)



Find out more:

ihpi.umich.edu/STPs-Maternity-Care

RESOURCES

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- ⁸ Short-term, limited-duration insurance. 45 C.F.R. § 144, 146, 148.08. (2018). <https://s3.amazonaws.com/public-inspection.federalregister.gov/2018-16568.pdf>
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- ¹⁰ Indiana Department of Insurance. Bulletin 244 (2018). www.in.gov/idoi/files/Bulletin%20244.pdf
- ¹¹ State of Rhode Island Office of the Health Insurance Commissioner, Health Insurance Advisory Council (2018). www.ohic.ri.gov/documents/HIAC%20docs/2018-2019/09.25.2018-HIAC-minutes-amended.pdf

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