

## NEWS RELEASE

Embargoed for release until:  
April 5, 2019 at 12:01am ET

For further information, contact:  
Katie Keith: (702) 540-6398,  
[katie.keith@georgetown.edu](mailto:katie.keith@georgetown.edu)  
Sarah Lueck: [lueck@cbpp.org](mailto:lueck@cbpp.org)

### ***New Evidence that Consumers Don't Understand that "Short-Term" Health Plans Lack Protections and Benefits, as Enrollment Rises***

ORLANDO, FL – A new report from Kleimann Communication Group shows that consumers face significant challenges in understanding short-term plan coverage benefits and limitations. This lack of understanding—especially when coupled with insurers' aggressive marketing of short-term plans—raises concerns that some consumers are inadvertently enrolling in short-term plans when doing so may not be appropriate for their health needs or financial situation.

The report, commissioned by a group of consumer representatives to the National Association of Insurance Commissioners (NAIC),<sup>1</sup> found that most consumers struggled to understand the marketing brochure for a popular, six-month short-term plan. Many misunderstood even the basic concept of a short-term plan, in part because most consumers now expect their health insurance to reflect the Affordable Care Act's consumer protections.

In February 2019, Kleimann held a series of interviews with consumers in St. Louis, Missouri to test whether they could understand a short-term plan's benefits, limits, and out-of-pocket costs. Kleimann also asked about the federally mandated disclosure and whether consumers thought it adequately conveyed the limitations of the policy. The federally mandated disclosure requires short-term plans to state, on application materials and the contract, that the plan does not have to comply with the Affordable Care Act and may have coverage limitations and annual or lifetime dollar limits. Key findings were that:

- Few consumers initially understood the concept of a short-term plan, and most struggled to understand the plan's coverage benefits and limitations.
- The federally mandated disclosure went largely unnoticed and was ineffective at reducing consumer confusion.
- Consumers had low health insurance literacy and significant difficulty in understanding the plan's cost implications.
- Consumers found the short-term plan's low premium to be appealing but many wanted more comprehensive coverage.

An overview of the report will be provided to state insurance commissioners during the Health Insurance and Managed Care (B) Committee meeting on Sunday, April 7th during the NAIC Spring 2019 National Meeting in Orlando, Florida.

#### **Procedure**

The analysis, ***Testing Consumer Understanding of a Short-Term Health Insurance Plan***, was prepared by Kleimann Communication Group, a nationally recognized research and consumer testing firm that designs materials to help consumers understand complex topics and make informed decisions. Kleimann previously worked with the NAIC on testing the Summary of Benefits and

---

<sup>1</sup> The NAIC works closely with consumer representatives to assist state regulators in their primary objective of protecting insurance consumers. The undersigned individuals do not represent or work for the NAIC, and the views expressed here do not necessarily reflect the views of the NAIC. More information about consumer participation at the NAIC is available [here](#).

Coverage template and has completed redesign and testing projects for federal agencies that include the Consumer Financial Protection Bureau and the Department of Health and Human Services.

### **Acknowledgements**

The report was commissioned by a group of consumer representatives appointed to the NAIC and members from a wide range of national organizations such as the American Cancer Society Cancer Action Network, the American Heart Association, Families USA, and the National Alliance on Mental Illness; state-based advocacy organizations such as the Colorado Consumer Health Initiative, Georgians for a Healthy Future, and the North Carolina Justice Center; and academic centers such as Georgetown University.

Support for the report was provided by the Robert Wood Johnson Foundation. The views expressed in the report do not necessarily reflect the views of the Foundation or the NAIC.