October 9, 2018
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S.J. Res. 63 – Disapproving the Rule Submitted by the Departments of Labor, Health and Human Services, and the Treasury Relating to Short-Term, Limited-Duration Insurance
(Sen. Baldwin, D-WI, and 45 cosponsors)

The Administration strongly opposes S.J. Res. 63, which would undermine the Administration's recent efforts to expand affordable insurance options for American families, including those harmed by Obamacare's failing insurance markets.

In October 2017, President Donald J. Trump issued the Executive Order "Promoting Healthcare Choice and Competition Across the United States," which sought to increase options for quality, affordable health insurance. In response to this Executive Order, the Administration recently finalized a rule that will expand access to short-term, limited-duration insurance (STLDI). This type of insurance can provide coverage for many Americans, including those transitioning between coverage and middle-class families that lack access to employer-sponsored insurance or subsidized health plans offered through the Obamacare exchanges. The rule rolls back the previous administration's unfair attack on these insurance options, which took STLDI away from Americans after only three months of coverage. The Trump Administration is restoring and expanding access to these options, which may meet the needs of many Americans for up to a year, with the option to renew them for three years.

STLDI policies offer the flexibility to tailor coverage to the needs of beneficiaries, while plans sold in the Obamacare insurance markets are beset by unnecessary and costly rules that harm consumers with a one-size-fits-all approach to coverage. Under Obamacare, the number of people enrolled in the individual market without subsidies declined at an alarming rate. In 2017 alone, unsubsidized enrollment dropped by 20 percent nationally, while at the same time average monthly premiums rose by 21 percent. Many State markets experienced far more dramatic enrollment declines, with unsubsidized enrollment dropping by more than 40 percent in six States. In more than half of the Nation's counties, Americans only have a choice of insurance from a single insurer. The STLDI rule will result in substantially more competition in insurance markets, which in turn will dramatically increase the number of affordable insurance options available to millions of Americans. The average monthly premium for an individual in the fourth quarter of 2016 for an STLDI policy was less than a third of the cost of an unsubsidized individual market plan. The rule requires the insurers sponsoring these policies to disclose to consumers that the policies may not offer coverage for all of the healthcare offerings that

Obamacare plans are required to provide, and to remind consumers to check carefully the terms of the policies. These policies are also subject to State regulation.

This new rule will increase choices for Americans facing escalating premiums and will create flexible options that are not currently present in the individual insurance market. It will do so while preserving current options available to those who have pre-existing conditions or who wish to purchase more comprehensive coverage. By reversing this important regulatory relief, S.J. Res. 63 would reduce affordable healthcare options for American families already struggling to cope with rising health insurance premiums.

<u>If S.J. Res. 63 were presented to the President, his advisors would recommend that he veto it</u>.

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