



**EVERY TEXAN**

Formerly Center for Public Policy Priorities

# Testimony on HB 573: Health care sharing ministries

House Insurance Committee

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# EVERY TEXAN

Formerly Center for Public Policy Priorities



Every Texan was born from faith and a vision of social justice in 1985 when a Congregation of Benedictine Sisters in Boerne, Texas founded the organization to improve health care access for the poor.



# What are health care sharing ministries?

- Faith-based membership organizations that pool monthly member contributions to help pay for members' medical bills.
- It looks and functions a lot like health insurance, but it is not insurance under law.
- It lacks all health insurance consumer protections in state law and ACA:
  - Treatment for preexisting conditions often excluded/limited
  - Mental health services, prescription drugs, preventive care, maternity often excluded/limited
  - No state oversight
- No obligation or guarantee that it'll cover your medical bills

# Honor system without oversight no longer working

- In 2013, TX Legislature let HCSMs avoid TDI oversight if they adhere to rules **on the honor system**:
  - Only faith-based, nonprofit organizations
  - Limited to participants of a similar faith
  - Sends monthly statements and discloses fees to members
  - Puts a warning label on materials: this is not insurance
- Honor system approach invites fraud and scams, like Alera
- But also fails to protect consumers as ministries push the bounds
- Emerging conduct in this market from the [Wall Street Journal](#):
  - Revenue and membership have swelled in last decade and consumer complaints are up
  - Some ministries are spending heavily on ads, paying commissions to health insurance agents, and marketing to small employers as job-based coverage
  - Many ministries have transformed to give the appearance of traditional health insurance

# Alera saddled Texans with substantial medical debt

HOUSTON★CHRONICLE

## Buyer beware: When religion, politics, health care and money collide

Jenny Deam, Staff writer

July 2, 2019 | Updated: July 6, 2019 5:52 p.m.



1 of 10

David and Megan Martinez at their home in Dallas. They bought health coverage through a health sharing ministry affiliated with the company Alera, but now face medical bills of \$129,000 that the plan would not cover.

Joyce Marshall, Freelance / For the Chronicle

## Alera to stop selling health plans in Texas and limit assets

Jenny Deam, Staff writer

July 19, 2019 | Updated: July 20, 2019 11:53 a.m.



Jill Baine, and her husband James, of The Woodlands, last year sued Alera Companies after it denied a \$195,000 claim for her breast cancer treatment after assuring her she had full coverage. Baine is now thrilled Texas lawmakers will consider toughen regulation of companies like Alera that operate health care sharing ministries.

Steve Gonzales, Houston Chronicle / Staff photographer

# HCSMs cause consumer confusion

They aren't health insurance, but often look a lot like it

## Sales by insurance agents

- Some HCSMs use commission-based sales by insurance agents, brokers, & others
- HCSMs pay much higher commissions (15-20%) vs traditional insurance for individuals (2.6%) Source: [broker survey by Covered California](#)

The screenshot shows the Sedera website header with navigation links: Medical Cost Sharing, For Individuals, For Businesses, and For Affiliates (circled in red). Below the header, three main benefits are listed in a light blue box:

- Win + Retain New Customers**: Surprise and delight your clients with lower cost and transparency. (Icon: trophy)
- Earn Financial Rewards**: Enjoy our competitive compensation program. (Icon: hand holding a coin, circled in red)
- Blaze a New Trail**: Join us in creating a new normal in healthcare. (Icon: person on a treadmill)

A red dashed line connects the 'For Affiliates' link to the 'Earn Financial Rewards' section.

The screenshot shows the Crown Administrators website header with navigation links: ABOUT US, CAPABILITIES, INDEPENDENT MEMBER REPRESENTATIVE (circled in purple), WORK FOR US, CONTACT US, and a phone icon. Below the header, a text block states: "At Crown Administrators we make every effort possible to make YOU successful selling Altrua HealthShare." (The word "selling" is highlighted in yellow, and the entire sentence is circled in purple).

# HCSMs cause consumer confusion

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## Features mimic health insurance

- Tiered benefit packages
- Monthly premium-like payments
- Deductible-like structure
- May use PPO network



Christian Healthcare Ministries

## CHM prices and programs

### Gold Program

**\$172 per unit, per month**

- Most extensive financial support by sharing 100% of any medical incident exceeding \$500 (as long as all other Guidelines are met), up to \$125,000

### Silver Program

**\$118 per unit, per month**

- Shares medical expenses exceeding \$2,500 as long as all other Guidelines are met, up to \$125,000 per illness.

### Bronze Program

**\$78 per unit, per month**

- Shares medical expenses exceeding \$5,000 as long as all other Guidelines are met, up to \$125,000 per illness.



## Introducing Co-Share – a faster way to meet your AHP with lower monthly share pricing.

Co-Share is available at either the \$3,000 or \$6,000 Annual Household Portion (AHP). With Co-Share, once you reach your Annual Household Portion, your Eligible Bills (above the \$3K or \$6K AHP) will be shared in a 70/30 split (70% Medi-Share members and 30% by you) until you reach your maximum Co-Share amount of \$10K for the AHP year.

- Like a deductible
- Like coinsurance
- Like an out-of-pocket maximum



We are part of one of the largest health care networks.

We have joined the MultiPlan/PHCS network

# HB 573 as filed is a needed start

- Essentially maintains current Texas “safe harbor” for non-profit entities that share costs among members of a common religious beliefs
- Establishes registration at TDI, which has both expertise and capacity
- Up-front verification that entities are qualified for safe harbor
- Ensures members & shoppers can get basic information on how funds are spent
- Puts appropriate guardrails on marketing conduct to reduce consumer confusion
- Could be strengthened:
  - Better upfront disclosure needed to help shoppers make informed decisions, like “nutrition label” for short-term plans passed last session (SB 852).
  - Ensure non-profit status is not veneer only
  - Clarify no employer coverage



# Changes that would harm consumers

- Any expansion of the “safe harbor” expands plans lack strong preexisting condition protections; opens up unintended consequences
- Deferring to or endorsing 3<sup>rd</sup> party accreditation. There are no mature, consensus-based frameworks for accrediting health care sharing ministries. Delegating any part of registration or oversight to a third-party risks the fox guarding the henhouse
- Housing registration at an agency with less experience than TDI in consumer protection and oversight of similar-but-not-quite insurance products

# Changes that would harm consumers

- Anything other than an airtight prohibition on financial incentives for sales of/enrollment in HCSMs.

Medi-share's "refer-a-friend" program pays people – who need not be Medi-share members – \$100 for referrals who join

MEDI-SHARE BLOG CONTACT US

## REFER-A-FRIEND SIGN-UP

ALREADY REGISTERED AT MYCHRISTIANCARE.ORG?  
**LOGIN HERE.**

Our **Refer-A-Friend program** is a great way to let others know about Medi-Share, **even if you aren't a member!**