Testimony on HB 573: Health care sharing ministries

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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 Aliera

• 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
Aliera saddled Texans with substantial medical debt

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

Aliera to stop selling health plans in Texas and limit assets
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

HCSMs cause consumer confusion
They aren’t health insurance, but often look a lot like it

Features mimic health insurance

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

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.

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 3rd 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

https://mychristiancare.org/forms/refer-a-friend/