



August 9, 2016

CC:PA:LPD:PR (REG135702-15)
Internal Revenue Service
P.O. Box 7604
Ben Franklin Station
Washington DC 20044.

To Whom It May Concern:

Thank you for the opportunity to comment on the proposed regulations on

buying a new policy every three months. Only those who become unhealthy will be unable to afford care, and that is not good for the risk pools in the long run.

We also note that many plans sold to students studying in a foreign country are regulated as short-term, limited duration plans. As a result, the proposed regulation would limit a student's coverage in a foreign country to only three months. This could create a significant burden on these students. And only healthy students could buy new policies every three months, as pointed out above.

In conclusion, there are instances when consumers simply cannot afford, even with the subsidies, an insurance plan with minimum essential coverage (MEC) or may have other reasons for choosing a shorter-term plan. Their options should not be limited to either paying for coverage they cannot afford or exposing themselves to the risk of losing their coverage after three months if they become sick. We oppose this new definition of short-term, limited duration insurance because it could harm some consumers, limit consumer options, and have little positive impact on the risk pools in the long run.

Disclosures

Instead of redefining short-term, limited duration plans, the focus should be on educating consumers and ensuring that they are aware of the limitations of these and other excepted benefit plans. Several states have received an increasing number of consumer inquiries and complaints related to excepted benefit policies. Consumers complain that they were confused or misinformed when they purchased a policy that appeared similar to a major medical policy and thought they had purchased comprehensive medical coverage that complied with the ACA. However, when the consumer made a claim, they were dismayed to learn that the policy limited coverage and had pre-existing condition exclusions.

Because of the real risk that consumers may confuse excepted benefit policies with comprehensive health insurance, it is important that all excepted benefit plans are clearly distinguished from ACA-compliant comprehensive health insurance. It is also important to ensure that consumers are aware of the limited nature of excepted benefit policies.

The proposed rule adds important disclosure requirements. For example, the proposed policy contract notice requirement alerting consumers to the fact that a short-term plan does not satisfy the requirement to maintain MEC and that the consumer may be subject to a fine when they file taxes will help to make clear to these consumers the large downsides to purchasing this coverage in lieu of MEC. It also requires that application, enrollment, and enrollment materials for both individual and group fixed indemnity plans inform consumers that the in lieu of Mat1-3(e)-4(rs-3(e)-4(n)10(t)-34)-4(m)7(a)-4uumlth insthend 28.76rg

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products. We see many travel insurance products where accident, sickness and disability coverage are the primary standalone benefit, and not incidental to another benefit such as loss of baggage and trip cancellation.

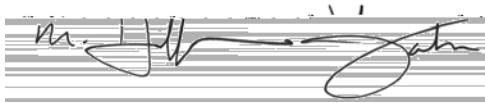
Fixed Indemnity

State regulators oppose the proposed fixed indemnity language that would require that these types of policies have a “per day” benefit and would prohibit a “per service” policy. Under the Public Health Service Act, the only requirements on this type of coverage to qualify as an “excepted benefit” are: 1) benefits are provided under a separate policy, certificate or contract of insurance; 2) there is no coordination of benefits; and 3) benefits are paid with “respect to an event”. Current federal law states what qualifies a fixed indemnity plan as an “excepted benefit” and permits the coverage to include “one or more (or any combination thereof) of” benefits. By adding the additional limitation, the proposed requirement again goes beyond the statute language and the D.C. Circuit Court of Appeals has already ruled in *Central United Life Ins. v. Brownell* 15-5310 (D.C. Cir. 2016) that such a regulatory overreach cannot stand.

We recommend that this proposal be withdrawn.

Thank you for your consideration.

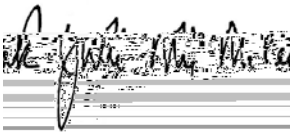
Best regards,



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