



Updated Estimates of the Potential Impact of Short-Term, Limited Duration Policies

Linda J. Blumberg, Matthew Buettgens, and Robin Wang

August 2018

The Trump administration recently finalized regulations expanding access to short-term, limited-duration policies.¹ These new regulations increase the maximum length of short-term, limited-duration insurance policies to just less than one year.

These plans, sold to individuals and families, are not federally required to comply with the ACA regulations that prohibit annual and lifetime benefit limits, require coverage of all essential health benefits, and otherwise prohibit insurers from setting premiums or choosing whether to sell coverage to people based on applicants' health status and health history.

As such, these plans do not meet minimum essential coverage standards under the law. The rule permits these plans to compete against ACA-compliant plans.

In March, we released an analysis of the potential consequences of the proposed expansion of short-term, limited-duration policies (Blumberg, Buettgens, and Wang 2018). Since that release, Hawaii and Vermont have passed legislation that will effectively prevent the expansion of short-term, limited-duration policies in their markets.² Plus, New Jersey passed a state individual mandate to replace the federal penalties eliminated in 2019 under the 2017 Tax Cuts and Jobs Act.

We've provided updated tables taking these state legislative changes into account. Three key findings from our update are the following:

- 1. 2.2 million fewer people are estimated to have ACA-compliant nongroup insurance coverage in 2019, a decrease of 15.5 percent.**
- 2. The number of people without minimum essential coverage is estimated to increase by 2.6 million.**

The introduction of expanded short-term, limited-duration policies will increase the number of people without minimum essential coverage by 2.6 million in 2019, to 36.9 million people. Of those without minimum essential coverage, 32.5 million will be completely uninsured, and 4.3 million will enroll in expanded short-term, limited-duration plans.

3. Premiums in the ACA-compliant nongroup market are estimated to increase by more than 18 percent in the states most affected.

The combined effect of eliminating the individual mandate penalties and expanding short-term, limited-duration policies will increase 2019 ACA-compliant nongroup insurance premiums 18.3 percent on average in the 43 states (including the District of Columbia) that do not prohibit or limit short-term plans.

TABLE 1

**Distribution of Health Insurance Coverage among the Nonelderly under Current Law
and Current Law with Expanded Short-Term, Limited-Duration Policies, 2019**

Thousands of people

	CURRENT LAW		CURRENT LAW WITH EXPANDED STLD POLICIES			
	Number	Percent	Number	Percent	Difference from Current Law	
					Number	Pct.-pt.
Insured	240,035	87.5%	237,457	86.6%	-2,578	-0.9%
Employer	148,541	54.1%	148,304	54.1%	-237	-0.1%
Nongroup (with tax credits)	8,010	2.9%	7,382	2.7%	-628	-0.2%
Nongroup (without tax credits)	6,056	2.2%	4,503	1.6%	-1,554	-0.6%
Medicaid/CHIP	68,854	25.1%	68,695	25.0%	-160	-0.1%
Other (including Medicare)	8,574	3.1%	8,574	3.1%	0	0.0%
Without minimum essential coverage	34,281	12.5%	36,859	13.4%	2,578	0.9%
Uninsured	34,281	12.5%	32,546	11.9%	-1,735	-0.6%
Expanded STLD plans	n.a.	n.a.	4,312	1.6%	4,312	1.6%
Total	274,316	100.0%	274,316	100.0%	0	0.0%

Source: Urban Institute analysis based on the Health Insurance Policy Simulation Model 2018. Reform simulated in 2019.

Notes: CHIP = Children's Health Insurance Program; n.a. = not applicable; pct.-pt. = percentage-point; STLD = short-term, limited-duration. The results take into account that Massachusetts and New Jersey have state-enforced individual mandate laws and that states have differing levels of laws governing STLD policies. Because of the current congressional challenge to the District of Columbia's new individual mandate law, we do not assume it is implemented in 2019. "Current law" includes policy changes made since January 2017, including the elimination of individual mandate penalties.

TABLE 2

ACA-Compliant Nongroup Coverage by State under Current Law and Expansion of Short-Term, Limited-Duration Policies, 2019

Thousands of people

	CURRENT LAW	CURRENT LAW PLUS EXPANDED STLD POLICIES		
	Number with compliant nongroup insurance	Number with compliant nongroup insurance	Change from Current Law	
			Number	Percent
Full-impact states	11,398	9,271	-2,127	-18.7%
Alabama	176	145	-31	-17.6%
Alaska	15	12	-3	-22.8%
Arizona	180	128	-52	-28.8%
Arkansas	75	57	-19	-25.0%
California	1,843	1,456	-387	-21.0%
Colorado	191	142	-49	-25.7%
Connecticut	143	112	-31	-21.8%
Delaware	27	21	-6	-20.7%
District of Columbia	17	11	-5	-30.5%
Florida	1,729	1,461	-268	-15.5%
Georgia	458	388	-69	-15.1%
Idaho	113	91	-21	-18.8%
Illinois	497	403	-94	-18.9%
Indiana	194	155	-39	-20.0%
Iowa	79	63	-15	-19.4%
Kansas	126	101	-26	-20.4%
Kentucky	106	84	-22	-20.6%
Louisiana	139	109	-30	-21.6%
Maine	68	61	-7	-9.9%
Maryland	221	181	-40	-18.3%
Minnesota	170	132	-38	-22.5%
Mississippi	75	59	-16	-21.0%
Missouri	253	209	-44	-17.4%
Montana	51	41	-10	-19.1%
Nebraska	105	89	-16	-15.0%
New Hampshire	48	40	-8	-16.9%
New Mexico	51	40	-11	-21.6%
North Carolina	496	418	-77	-15.6%
North Dakota	40	30	-10	-24.1%
Ohio	305	242	-62	-20.5%
Oklahoma	135	113	-22	-16.3%
Pennsylvania	480	392	-87	-18.2%

	CURRENT LAW	CURRENT LAW PLUS EXPANDED STLD POLICIES		
	Number with compliant nongroup insurance	Number with compliant nongroup insurance	Change from Current Law	
			Number	Percent
Rhode Island	42	34	-8	-18.9%
South Carolina	198	165	-32	-16.4%
South Dakota	42	33	-10	-22.7%
Tennessee	244	198	-47	-19.2%
Texas	1,095	884	-211	-19.3%
Utah	221	178	-43	-19.7%
Virginia	418	355	-62	-14.9%
Washington	226	173	-53	-23.4%
West Virginia	26	22	-4	-15.4%
Wisconsin	258	220	-38	-14.6%
Wyoming	24	20	-4	-15.0%
States prohibiting STLD plan expansion	2,187	2,187	0	0.0%
Hawaii	37	37	0	0.0%
Massachusetts	367	367	0	0.0%
New Jersey	423	423	0	0.0%
New York	1,168	1,168	0	0.0%
Oregon	158	158	0	0.0%
Vermont	34	34	0	0.0%
States with moderate STLD impact	480	426	-54	-11.3%
Michigan	383	342	-41	-10.8%
Nevada	97	85	-13	-13.2%
Total	14,066	11,884	-2,182	-15.5%

Source: Urban Institute analysis using HIPSMS 2018. Reform simulated in 2019.

Notes: STLD = short-term, limited-duration. The results take into account that Massachusetts and New Jersey have state-enforced individual mandate laws and that states have differing laws governing STLD policies. Because of the current congressional challenge to the District of Columbia's new individual mandate law, we do not assume it is implemented in 2019. "Current law" includes policy changes made since January 2017, including the elimination of individual mandate penalties. The District of Columbia is considered a state in this analysis.

TABLE 3

People without Minimum Essential Coverage by State, under Current Law and Current Law Plus Expanded Short-Term Limited-Duration Policies, 2019

Thousands of people

	CURRENT LAW		CURRENT LAW PLUS EXPANDED STLD POLICIES			
	Uninsured	STLD policies	Uninsured	Total without MEC	Change from Current Law	
					Number	Percent
Full-impact states	30,739	4,234	29,029	33,263	2,542	8.2%
Alabama	715	90	677	767	52	7.3%
Alaska	94	30	77	107	13	13.6%
Arizona	841	167	772	939	98	11.6%
Arkansas	285	36	271	307	22	7.6%
California	4,626	620	4,439	5,059	433	9.4%
Colorado	484	108	433	540	56	11.6%
Connecticut	193	52	176	228	36	18.5%
Delaware	70	9	67	76	6	8.6%
District of Columbia	34	5	34	38	4	12.9%
Florida	2,532	394	2,435	2,829	297	11.7%
Georgia	1,778	172	1,689	1,861	83	4.7%
Idaho	213	39	199	238	25	11.7%
Illinois	1,193	157	1,131	1,288	94	7.9%
Indiana	663	74	628	702	39	5.9%
Iowa	206	41	182	223	17	8.4%
Kansas	363	50	343	393	30	8.2%
Kentucky	222	38	208	246	24	10.9%
Louisiana	434	64	403	467	33	7.7%
Maine	120	22	106	128	9	7.1%
Maryland	407	63	384	447	40	9.8%
Minnesota	411	97	365	463	52	12.6%
Mississippi	448	47	425	472	24	5.4%
Missouri	723	96	683	779	57	7.8%
Montana	87	21	79	100	13	14.6%
Nebraska	197	43	172	216	19	9.5%
New Hampshire	80	18	70	87	8	9.5%
New Mexico	200	20	192	211	11	5.5%
North Carolina	1,430	221	1,325	1,546	115	8.1%
North Dakota	46	15	41	57	11	23.4%
Ohio	713	116	661	776	63	8.9%

	CURRENT LAW		CURRENT LAW PLUS EXPANDED STLD POLICIES			
	Uninsured	STLD policies	Uninsured	Total without MEC	Change from Current Law	
					Number	Percent
Oklahoma	668	70	633	703	35	5.2%
Pennsylvania	702	165	644	810	108	15.4%
Rhode Island	51	11	48	60	9	17.0%
South Carolina	660	76	627	704	44	6.6%
South Dakota	109	23	98	121	12	11.0%
Tennessee	769	120	713	833	64	8.4%
Texas	5,304	421	5,117	5,538	234	4.4%
Utah	373	67	352	419	46	12.3%
Virginia	1,069	137	1,003	1,141	72	6.7%
Washington	605	120	548	668	62	10.3%
West Virginia	101	21	91	112	11	11.1%
Wisconsin	441	58	420	478	37	8.5%
Wyoming	78	19	67	86	7	9.5%
States prohibiting STLD plan expansion	2,492	0	2,492	2,492	0	0.0%
Hawaii	104	0	104	104	0	0.0%
Massachusetts	103	0	103	103	0	0.0%
New Jersey	634	0	634	634	0	0.0%
New York	1,315	0	1,315	1,315	0	0.0%
Oregon	293	0	293	293	0	0.0%
Vermont	43	0	43	43	0	0.0%
States with moderate STLD impact	1,050	78	1,025	1,103	54	5.1%
Michigan	662	54	646	700	38	5.8%
Nevada	388	25	379	403	15	4.0%
Total	34,281	4,312	32,546	36,859	2,578	7.5%

Source: Urban Institute analysis using HIPSIM 2018. Reform simulated in 2019.

Notes: MEC = minimum essential coverage; STLD = short-term, limited-duration. The results take into account that Massachusetts and New Jersey have state-enforced individual mandate laws and that states have differing levels of laws governing STLD policies. Because of the current congressional challenge to the District of Columbia's new individual mandate law, we do not assume it is implemented in 2019. "Current law" includes policy changes made since January 2017, including the elimination of individual mandate penalties. Minimum essential coverage refers to any insurance plan that satisfies the Affordable Care Act's requirement to have health insurance coverage. STLD plans do not meet that standard. The District of Columbia is considered a state in this analysis.

TABLE 4

**Percent Change in ACA-Compliant Premiums Because of Expanded
Short-Term, Limited-Duration Policies and Loss of Individual Mandate, 2019**

State	Change
Full-impact states	18.3%
Alabama	21.6%
Alaska	8.5%
Arizona	20.6%
Arkansas	18.8%
California	17.8%
Colorado	18.3%
Connecticut	16.5%
Delaware	19.9%
District of Columbia	13.6%
Florida	16.9%
Georgia	19.5%
Idaho	17.5%
Illinois	19.4%
Indiana	19.6%
Iowa	15.8%
Kansas	19.2%
Kentucky	18.7%
Louisiana	14.0%
Maine	15.9%
Maryland	18.4%
Minnesota	11.1%
Mississippi	17.2%
Missouri	18.3%
Montana	19.8%
Nebraska	20.4%
New Hampshire	19.6%
New Mexico	9.1%
North Carolina	17.8%
North Dakota	20.8%
Ohio	16.8%
Oklahoma	18.7%
Pennsylvania	19.2%
Rhode Island	20.7%
South Carolina	17.2%

State	Change
South Dakota	21.7%
Tennessee	18.1%
Texas	20.2%
Utah	18.5%
Virginia	19.1%
Washington	21.0%
West Virginia	20.0%
Wisconsin	20.0%
Wyoming	18.6%
States prohibiting STLD plan expansion	5.9%
Hawaii	8.7%
Massachusetts	0.0%
New Jersey	0.0%
New York	8.8%
Oregon	9.1%
Vermont	12.2%
States with moderate STLD impact	12.8%
Michigan	12.2%
Nevada	15.2%
Total	16.3%

Source: Urban Institute analysis using HIPSIM 2018. Reform simulated in 2019.

Notes: STLD = short-term, limited-duration. The results take into account that Massachusetts and New Jersey have state-enforced individual mandate laws and that states have differing laws governing STLD policies. Because of the current congressional challenge to the District of Columbia's new individual mandate law, we do not assume it is implemented in 2019. The District of Columbia is considered a state in this analysis.

Notes

- ¹ “Final Rule on Short-Term, Limited Duration Insurance,” Centers for Medicare & Medicaid Services, accessed August 2, 2018, <https://www.cms.gov/CCIIO/Resources/Files/Downloads/dwnlds/CMS-9924-F-STLDI-Final-Rule.pdf>.
- ² “What Is Your State Doing to Affect Access to Adequate Health Insurance?” The Commonwealth Fund, August 1, 2018, https://www.commonwealthfund.org/publications/interactive/2018/aug/what-your-state-doing-affect-access-adequate-health-insurance?redirect_source=/publications/interactive/2018/jul/what-your-state-doing-affect-access-adequate-health-insurance.

Reference

Blumberg, Linda J., Matthew Buettgens, and Robin Wang. 2018. “Updated: The Potential Impact of Short-Term, Limited-Duration Policies on Insurance Coverage, Premiums, and Federal Spending.” Washington, DC: Urban Institute.

About the Authors

Linda Blumberg is an Institute fellow in the Health Policy Center at the Urban Institute.

Matthew Buettgens is a senior fellow in the Health Policy Center.

Robin Wang is a research analyst in the Health Policy Center.

Acknowledgments

Support for this research was provided by the Robert Wood Johnson Foundation. The views expressed here do not necessarily reflect the views of the Foundation.



Robert Wood Johnson Foundation

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at urban.org/fundingprinciples.

The authors are appreciative of comments from and discussions with Sabrina Corlette, Justin Giovanelli, Maanasa Kona, Kevin Lucia, and Dania Palanker.



2100 M Street NW
Washington, DC 20037

www.urban.org

ABOUT THE URBAN INSTITUTE

The nonprofit Urban Institute is a leading research organization dedicated to developing evidence-based insights that improve people’s lives and strengthen communities. For 50 years, Urban has been the trusted source for rigorous analysis of complex social and economic issues; strategic advice to policymakers, philanthropists, and practitioners; and new, promising ideas that expand opportunities for all. Our work inspires effective decisions that advance fairness and enhance the well-being of people and places.

Copyright © August 2018. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.