

To: Senator Laurie Monnes-Anderson
Senate Committee on Health Care
February 25, 2020

Re: OSPIRG Testimony in Support of HB 4110

Dear Chair Monnes-Anderson, Vice Chair Linthicum, and members of the Committee:

OSPIRG supports HB 4110, defining new requirements for notice and grace periods related to non-payment of premiums for health benefit plans. OSPIRG is a consumer advocacy organization with over 30,000 members and supporters throughout the state. Throughout the last decade, we have served as a leading voice for consumer interests on health care issues.

The Department of Consumer and Business Services convened OSPIRG and other stakeholders in 2019 to provide input on policies aiming to address the problem of consumers losing coverage early in the year. Under the Affordable Care Act, consumers may only purchase health insurance during a limited open-enrollment term. Under the current federal administration, this period has been reduced, meaning there are only six weeks each year when individuals can sign up for health insurance coverage.

Unfortunately, this means that individuals who lose health insurance coverage can be left at risk for nearly a full year if they do not qualify for a special enrollment period. HB 4110 is a good first step to address this problem, codifying industry best-practices for grace periods and notices of non-payment. This will minimize the risk that consumers lose health coverage merely for a lack of adequate notice.

It's important to note that this does not fully resolve the issue. Our stakeholder discussions revealed that one of the most common reasons people end up without coverage is due to purchasing into short-term limited duration health plans (STHPs). STHPs have been aggressively advertised online in recent open enrollment periods. Unwitting consumers can buy into these plans under the incorrect assumption that they are comprehensive health insurance, and lose coverage after the end of the 3-month STHP term. A person who loses coverage in this way is not eligible for a special enrollment period, and cannot reapply for coverage until open enrollment.

Our stakeholder discussions highlighted an additional issue, where consumers who set up automatic bank drafts to cover their insurance premiums may be unaware that they are at risk of losing coverage due to a small underpayment when prices incrementally increase. More

ambitious measures, such as allowing partial payment to delay termination, were tabled as too controversial to raise in the current session.

While additional actions will still be needed to fully address these problems, HB 4110 remains a good step forward. OSPIRG encourages you to advance HB 4110 to ensure no consumer loses health insurance due to a lack of adequate notice.

Respectfully Submitted,



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