HEALTH BENEFITS INSTITUTE

Overview of Model 170 / 171

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SEPTEMBER 20, 2021

Model 170

- The model started as the health insurance minimum standard
- With state reform efforts in the late 1980's and early 1990's, Model 170 became the "other Health" model covering non-major medical coverage
- Focused on providing minimum standards to make sure consumers understood what they were purchasing
- Standardized and changed a number of coverages including
  - Fixed indemnity
  - Hospital Indemnity
  - Specified Disease Coverage
  - Dental
  - Vision
  - Disability

Model 170 Historical Context

- It was the number one ask of the consumer representatives at the time
- Because the ACA had not addressed short-term limited duration coverage, their was interest in addressing the issue with the context of the ACA
- It followed the long discussions surrounding network adequacy
- Pharmacy Benefits (Model #22) was happening on a similar time frame.
- Model 170 and Model 171 were being worked on concurrently
- Model 170 was adopted first so states could move on the model law.

Model 170 Historical Context

- Regulatory authority over short-term limited duration health was a major issue for states
  - Unlike for other products, the model assumes state authority over STLDI that is sold on a multi-state basis through group settings
  - Many of the other products are sold through employers as a voluntary benefit or through associations
    - This requires a more standardized structure
    - Benefits may not be available to some employees or members of an association if this was changed
- One of the main issues in discussing Model 170 and Model 171 was what belongs in statute and what belongs in regulation
  - Model 170 reflects a high-level regulatory structure
  - Model 171 could be more specific and would include any model notices/warning labels that could be adjusted

Model 170/171 Understanding the products

- Most of the supplemental products sold through the individual market are guaranteed renewable
- Many products sold through the worksite are issued on a guaranteed issue basis
- Unlike major medical, consumers don't necessarily access the benefits every year
- The products typically provide payment to the insured person and not the any medical provider
- The payments can be used for any expenses the consumer wishes to use them for, and are not coordinated with medical plan
- Products are priced based on lifetime loss ratios

Model 170/171 Consumer Value

- As Cindy will highlight, consumers continue to see rising deductibles and cost sharing in their individual and job-based coverage
- This coverage provides consumers with coverage for those cost-sharing amounts when they can not afford it
- Since many of the premiums of the product are relatively low, bundling of products provides consumers with better value
- However, these products should not be developed, marketed, and sold as replacements for ACA coverage

Questions

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