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, there 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
• 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
• 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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