

Misleading Marketing of Limited Benefit Products: Results of a June 2023 Secret Shopper Study

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The Perfect Storm: Misleading Marketing of Limited Benefit Products Continues as Millions Losing Medicaid Search for New Coverage

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Overview

- Background
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 - Limited benefit products
- Secret Shopper Study
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Background

The End of Continuous Medicaid Coverage

- Congress established a continuous Medicaid coverage policy during the COVID-19 public health emergency
 - Medicaid enrollment reached a record high
- The continuous coverage policy ended in March, and states have resumed redeterminations
 - 15.5 million people are expected to lose Medicaid before the end of 2024 (Hanson et al.)
- The Affordable Care Act's (ACA) marketplace provides another source of comprehensive, affordable coverage
 - But former Medicaid enrollees may not know about this option

Limited Benefit Products

- Outside of the ACA marketplace, companies sell limited benefit products and alternative coverage arrangements, such as:
 - Short-term, limited duration insurance (short-term plans)
 - Fixed indemnity plans
 - Health care sharing ministries
- These products do not have to comply with the ACA's consumer protections or coverage requirements
- Prior studies revealed deceptive and aggressive marketing tactics used to sell limited benefit products
 - See Corlette et al. 2019, Government Accountability Office 2020, Young & Hannick 2020, Palanker & Volk 2021

Georgetown Secret Shopper Study: June 2023

Methodology

- Conducted in June 2023
- Study design based on previous Georgetown secret shopper studies
- Researchers created two profiles for hypothetical consumers losing Medicaid in Texas: “Terri” and “Lorraine”*

“Terri”	“Lorraine”
22 years old with no pre-existing conditions.	36 years old with a pre-existing condition (high cholesterol).
Both consumers: <ul style="list-style-type: none">• Are female;• Live in Texas;• Were informed that they will be losing Medicaid due to income ineligibility;• Have an annual income of \$25,000; and• Have a household size of two, including their 2-year-old daughter who is still Medicaid-eligible.	

**The researcher used different names for each consumer profile when conducting the secret shopper study.*

Methodology, Cont.

- Both Terri and Lorraine have access to \$0 silver plans, including plans with no deductibles*
- Both consumers would be eligible for a marketplace special enrollment period
- A researcher used Google to search for terms that people losing Medicaid may enter when looking for coverage, and visited websites appearing among the first three results (including ads)
- After entering information for the consumer profiles on websites, the researcher spoke to 20 sales representatives (ten for each profile)

**Based on subsidy eligibility parameters and a June 2023 search of HealthCare.gov for both consumer profiles.*

Online Searches Did Not Lead to the ACA Marketplace

- The federal marketplace website was never the top result
- Sites promoting limited benefit products—usually paid advertisements—dominated results
- The first results were often “lead-generating” sites
 - After entering Terri’s information, sales representatives left over 100 voicemails in one week

Most Representatives Tried to Sell Limited Benefit Products

- Out of 20 sales representatives, eleven tried to sell Terri or Lorraine a limited benefit product
 - At least two of the products were fixed indemnity products
 - Monthly premiums ranged from \$109–\$271
- None of the 20 representatives told Terri or Lorraine that they are eligible for a \$0 premium, \$0 deductible marketplace plan

Misrepresentation of Limited Benefit Products

- Representatives selling limited benefit products often:
 - Gave false or deceptive information about the level of coverage these products offer
 - Made misleading comparisons between limited benefit products and major medical plans
 - Refused to provide written plan information when asked

Misrepresentation of Marketplace Plans

- Representatives also misled consumers about the availability and affordability of marketplace plans, such as:
 - Saying the marketplace was “closed,” or that subsidies are only available during open enrollment
 - Indicating marketplace plan options had higher premiums than limited benefit products
 - Suggesting all marketplace plans have high deductibles

Pressure to Buy Now

- Representatives used aggressive sales tactics on Terri and Lorraine, including:
 - Urging them to commit to a plan over the phone
 - Discouraging them from taking time to look at their options or budget
 - Telling them that plans would fill up or prices would increase if they did not act now
- High-pressure sales pitches were more common among representatives selling limited benefit plans

Policy Implications

- Despite some enforcement efforts, deceptive marketing of limited benefit products persists, putting millions of people losing Medicaid at risk
- The Biden administration recently proposed a rule to limit the sale of short-term plans and impose new requirements on fixed indemnity products
- States can also regulate limited benefit products more stringently
- Raising awareness about marketplace plans and investing in impartial enrollment assistance can help guide consumers to comprehensive, affordable coverage

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Questions?

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