Limited Benefit Plans: Misleading Marketing & Consumer Harm

Amy Killelea, JD

Health Policy Lead, Equality Arlington

Assistant Research Professor, Georgetown University Center on Health Insurance Reforms

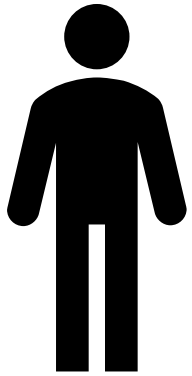
GEORGETOWN UNIVERSITY
McCourt School of Public Policy

CENTER ON HEALTH INSURANCE REFORMS

Product	What is it?	Underwriting allowed?	Regulated by state?
Short-term limited duration insurance (STLDI)	Temporary insurance for people with gaps in coverage	Yes	Yes, but states vary in their regulation
Fixed indemnity	Policies that pay a fixed amount for specified covered services	Yes	Yes, but states vary in their regulation
Farm Bureau	Sometimes similar to major medical coverage, but without many ACA protections	Yes	Varies
Association Health Plans (AHP)	Purchased through association of employers; not subject to individual and small group protections	Generally no, with some exceptions	Yes, but states vary in their regulation
Health Care Sharing Ministries (HCSMs)	Members make monthly payments to cover health expenses of other members	Yes	No (not insurance)

The Cash Pay Market: Limited Benefit Adjacent?

Direct Primary Care Arrangements



Direct-to-Consumer Drug Platforms

On-Demand Telehealth Applications

Consumers Left with Few Options

- Consumer misunderstanding about the limited nature of the product in which they are enrolling as a result of:
  - Purposeful misleading marketing about limited benefit plans as comparable alternatives to ACA regulated market
  - Complexity of health insurance market
- Plan choice based on point-in-time health status that later changes
- Significant medical expenses that are not covered by a plan or product, leading to medical debt and/or care and treatment access disruption

Possible Impact on Individual Market Risk Pool

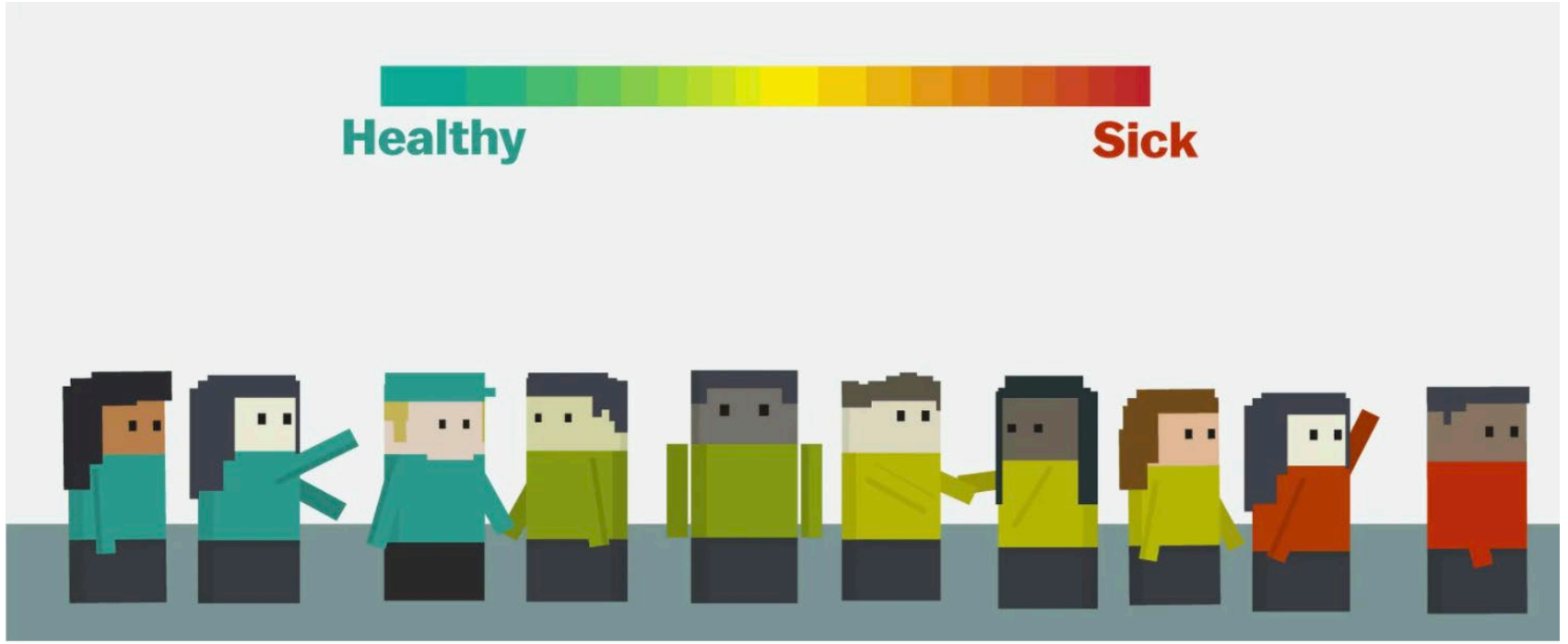


Image source: Vox News

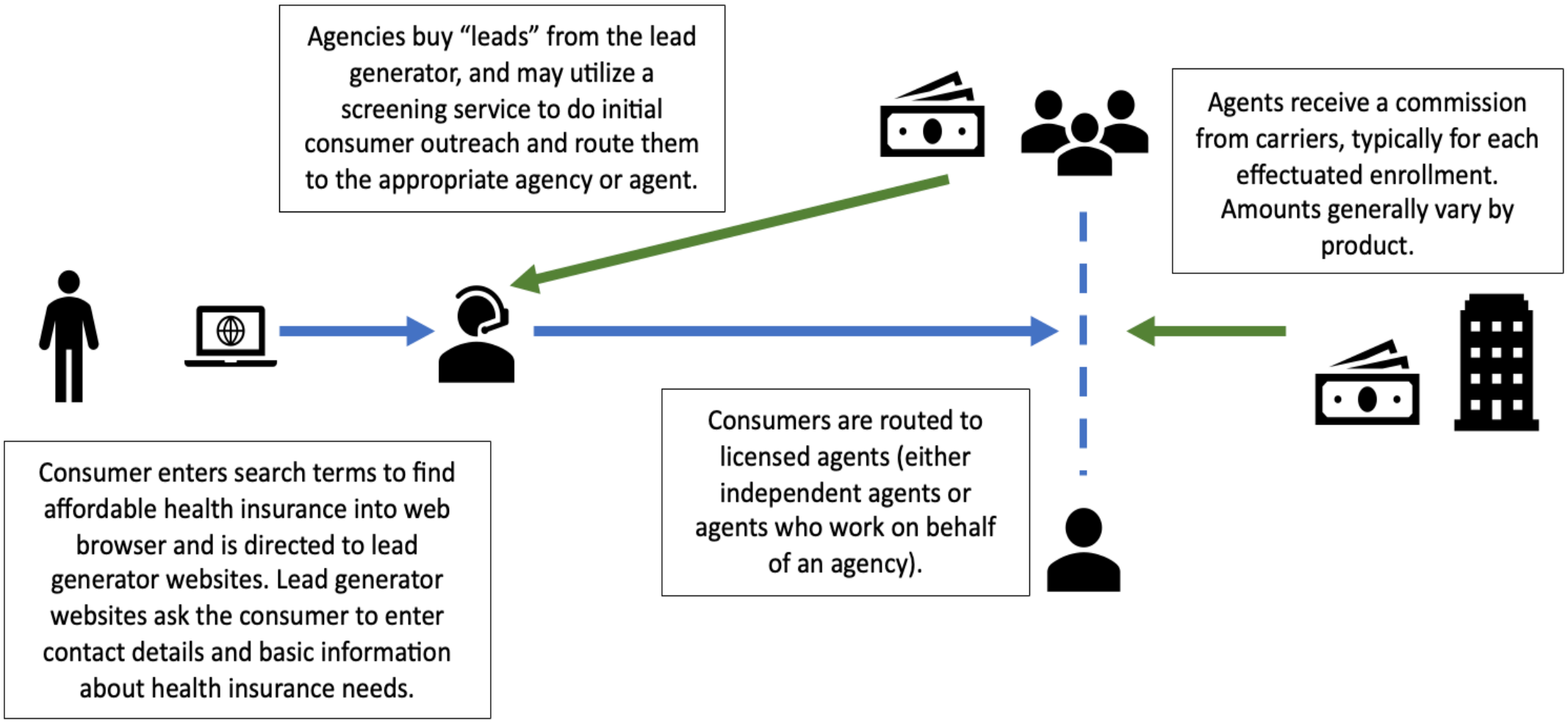
LIMITED BENEFIT PRODUCTS

Research Suggests Limited Benefits Products Are Being Aggressively Marketed

- Georgetown CHIR conducted a secret shopper study in May 2026 commissioned by Blood Cancer United to assess agent broker marketing practices

Consumer Profiles	
Dani	**Jen**
Lives in WV	Lives in WV
Eligible for SEP for marketplace	Eligible for SEP for marketplace
Income = 200% FPL	Income = 440% FPL
30 years old	55 years old
No pre-existing conditions	Type 2 diabetes
Household of one	Household of one

A Complex Marketing Ecosystem



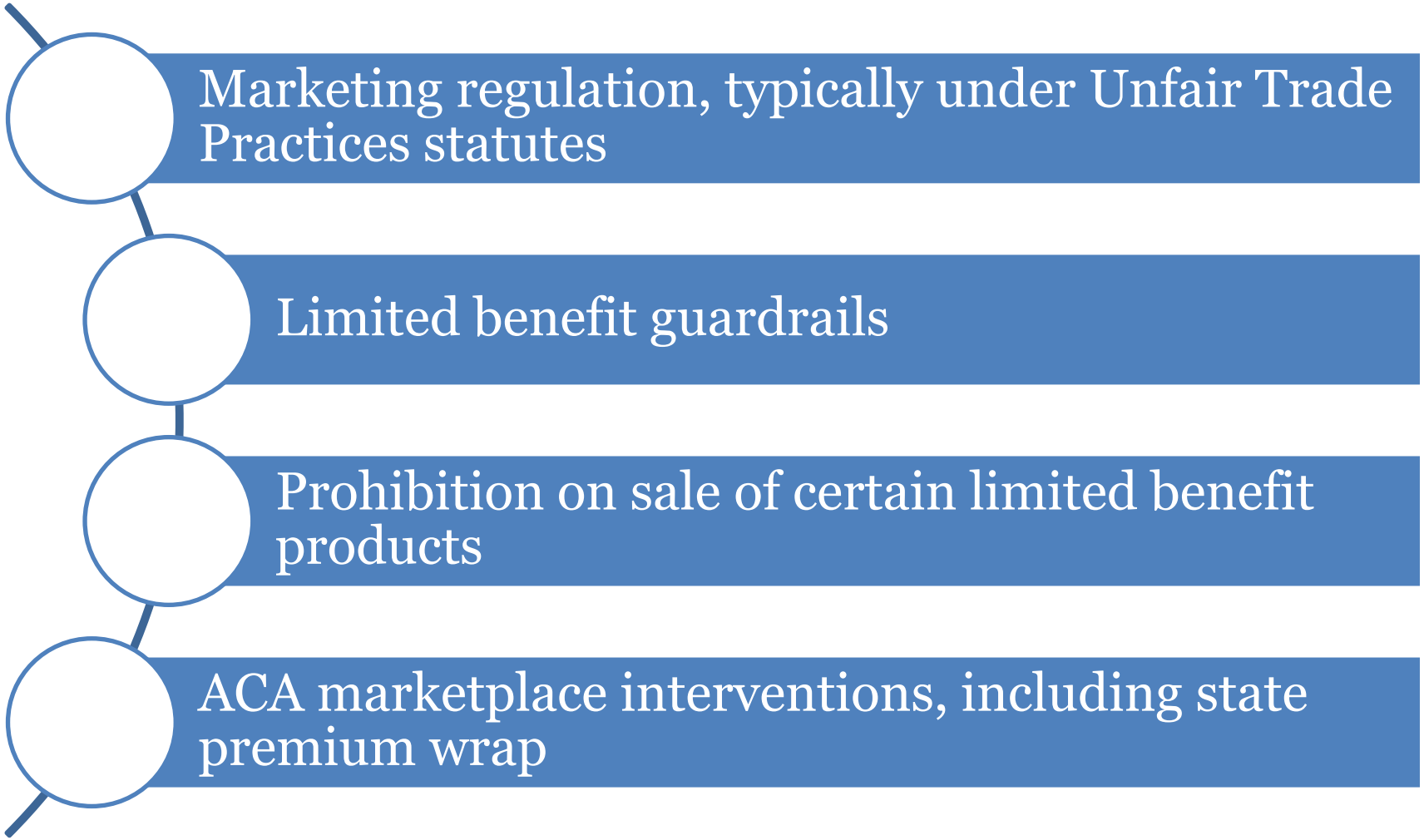
What We Found

- Online searches led consumers to "lead generators," who then handed off consumers to agents and brokers
- A common marketing tactic was to describe the marketplace as a coverage option best suited for sick consumers
  - healthier consumers directed to non-ACA-regulated products
- Sales representatives provided misleading and inaccurate information about limited benefit products
  - products included fixed indemnity products, STDLI, limited benefits products sold by multistate associations
- Sales representatives provided misleading and inaccurate information about marketplace coverage
- Sales representatives are capitalizing on marketplace affordability challenges, using aggressive marketing tactics

Key Quotes

- "For [ACA] marketplace options, they're pulling back subsidies, you could end up paying $80 one year and $800 the next, not like locking in [the price] for private plans [...] **people are running for the hills, that's why we're here.**"
- About fixed indemnity: "There is no deductible, no coinsurance, no copayment. As long as you don't need substance use, mental health, or maternity benefits, it's a no brainer."
- "If you are ever prescribed insulin, just call me and I have programs to cover insulin and [GLP-1s], etc."

State Approaches to Limited Benefit Regulation



Thank you!

Email: aek35@georgetown.edu