



March 9, 2020

Chairman Greg Harris
Rules Committee
300 State House
Springfield, IL 62706

RE: Legislation pending on short-term limited duration health insurance (HB 4094)

Dear Chairman Harris,

As a representative of the 28 million small businesses in America and the more than 1.2 million in Illinois, Small Business Majority writes today to oppose HB 4094, which would extend short-term, limited duration health insurance from the current 181 days to 365 days with the chance to renew coverage for up to three years. We believe this legislation would undermine a robust individual marketplace, which is vitally important for owners and employees of small businesses without group coverage, especially the roughly one million solo-entrepreneurs in Illinois.

Small Business Majority is a national small business organization, with an office in Chicago representing Illinois entrepreneurs, founded and run by small business owners to ensure America's entrepreneurs are a key part of a thriving and inclusive economy. We actively engage small business owners and policymakers in support of solutions that promote small business growth and drive a strong economy. A key component of our work involves outreach and education to small business owners on a range of small business issues, including healthcare, retirement security, access to capital and more.

Short-term limited duration health insurance is meant to fill a gap in an individual's coverage. These plans are not compliant with Affordable Care Act (ACA) requirements and are not required to cover essential health benefits, and they typically exclude coverage for those with pre-existing conditions. The Obama Administration issued guidance to limit the use of these plans to three months, but the Trump Administration implemented rule changes that would allow for longer use of these short-term plans.

Allowing for longer duration, short-term plans would destabilize the individual marketplace for consumers in Illinois. Individuals likely to purchase such a plan tend to be younger and healthier, leaving sicker workers in the individual marketplace and raising costs for everyone else. In 2018, Illinois passed a bill to limit these plans to 181 days, longer than the three months allowed under the Obama Administration, but much less than the three years being proposed in HB 4094. Allowing the use of these plans for such an extended period of time essentially lets an individual rely upon these plans for primary insurance, weakening the individual marketplace and leaving individuals with short-term coverage vulnerable if they develop serious health issues.

Small Business Majority's scientific opinion polling has found that the cost of health insurance is a top concern for small business owners. We also know that many self-employed individuals and small business employees rely on the individual marketplace to purchase coverage. Indeed, our research found more than 5.7 million small business employees or self-employed workers are enrolled in the ACA marketplaces, and more than half of all ACA marketplace enrollees are small business owners, self-employed individuals or small business employees. While we believe certain provisions of the

ACA can and should be improved, allowing for extended use of short-term limited duration plans undermines the ACA and eradicates the hard-won benefits for America's entrepreneurs.

We call upon Illinois's legislature to protect the state's insurance marketplace, and in turn help control costs for the state's top job creators by opposing the extension of short-term insurance plans. Thank you for your consideration.

Sincerely,

Geri Aglipay,
Illinois Outreach Manager
Small Business Majority