



May 2, 2018

Senator John G. Mulroe  
127 Capitol Building  
Springfield, IL 62706

*RE:* Legislation pending on short-term limited duration health insurance (SB2388 SFA1)

Dear Senator Mulroe,

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 in support of the Short-term, Limited Duration Health Insurance Coverage Act (SB2388 SFA1), which would establish a maximum enrollment period for short-term health insurance of 90 days per year. We believe this legislation would help promote 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 education and policy organization, with an office in Chicago representing Illinois entrepreneurs, founded and run by small business owners to focus on solving the biggest problems facing small businesses today. We actively engage small business owners and policymakers in support of solutions that promote small business growth and drive a strong and inclusive 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 has recently proposed 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. Indeed, a recent report by the Urban Institute found that premiums in the individual marketplace could increase by almost 20% in Illinois in 2019 if we do not take steps to prevent the negative price impact from the Administration's proposed rule.

Illinois's Short-term, Limited Duration Health Insurance Coverage Act would limit these plans to 90 days, thus protecting the robustness of the individual marketplace. It would also apply existing consumer health insurance protections to these short-term plans and require increased transparency in marketing such plans.

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, a report from the U.S Department of Treasury found small business owners and self-employed individuals were almost three times more likely to purchase coverage through the marketplaces than everyone else. While we believe certain provisions of the ACA can and should be improved, allowing for more short-term limited duration plans undermine the ACA and eradicate the hard-won benefits for America's entrepreneurs.

We support any legislation that will help level the playing field for small business, and the Short-term, Limited Duration Health Insurance Coverage Act will do just that.

Sincerely,  
Geri Aglipay, Midwest Outreach Manager  
Small Business Majority