



**TESTIMONY**  
**BEFORE THE SENATE COMMITTEE ON COMMERCE AND LABOR**

**January 27, 2020**

**Awesta Sarkash**

**Small Business Majority**

Dear Chairman Saslaw and members of the Committee:

My name is Awesta Sarkash and I'm the Government Affairs Manager for Small Business Majority, a national small business organization whose mission is to empower entrepreneurs to build a thriving and inclusive economy. Thank you for allowing me to share comments with you today about how limiting the use of short-term limited duration health plans would protect the individual marketplace and benefit entrepreneurs and small businesses in Virginia.

As you may know, short-term limited duration health insurance plans are 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. The Obama Administration issued guidance to limit the use of these plans to three months, but the Trump Administration enacted rules to allow for longer use of these short-term plans, essentially allowing them to be used as full-term coverage. 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. SB 404 would protect the individual marketplace in Virginia by prohibiting carriers from issuing any short-term plans that would extend beyond three months or that can be renewed or extended, and thus result in a consumer being covered by a short-term plan for more than three months in any 12-month period.

Protecting the individual marketplace is important to entrepreneurs because many self-employed individuals and small business employees rely on the individual marketplace to purchase coverage. Indeed, more than half of all marketplace enrollees own or work for a small business. What's more, small businesses support banning these types of plans. A recent survey of small business owners in Virginia found more than two-thirds (67%) support banning short-term insurance, which may not cover all essential health benefits and can exclude those with pre-existing conditions. Additionally, Virginia small business owners ranked making healthcare more accessible and affordable as one of the most important issues for policymakers to tackle to help small businesses like theirs.

We know from our scientific, third-party opinion polling that the cost of health insurance is a top concern for small business owners. This is why it's critical that Virginia pursue policies that stabilize the individual marketplace and enable small business owners to have access to affordable, quality healthcare options. We support any legislation that will help address this issue for small business, and SB 404 will do just that.

Thank you.

Awesta Sarkash,  
Government Affairs Manger