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## **Health Care Sharing Ministries: Characteristics and California Market**

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# Project background

- For research project funded by the California Health Care Foundation, CHIR conducted interviews in early 2018 with stakeholders in California about alternative coverage arrangements, including two health care sharing ministries with California membership, brokers, and state regulators
- Findings supplemented by further research for [a brief](#) funded by The Commonwealth Fund on health care sharing ministries and one on [brokers' perspectives](#) on the changing individual insurance market for The Robert Wood Johnson Foundation



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# What are Health Care Sharing Ministries?

*Note: examples provided are not universal among health care sharing ministries; provisions will vary by sharing ministry*



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# What are these arrangements?

## Characteristics of health care sharing ministries

### *Membership restricted*

- Typically limited to those who share a common set of religious or ethical beliefs
- Some require members to sign pledges that they will abstain from certain behaviors

### *Features akin to insurance*

- Monthly payment or “share” to cover qualifying medical expenses of other members
  - Based on age, level of coverage, or health indicators
- “Unshareable” or “member responsibility” amounts must be met before bills may be “shared”



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# What are these arrangements?

## Characteristics of health care sharing ministries

### *Administration Varies*

- Members may send shares directly to other members for “shareable” needs
- Other ministries collect monthly shares or direct members to deposit in a designated financial institution or escrow account and disburse to those with “shareable” needs

### *Ministry Determines What is “Shareable”*

- For example, “[N]o more than a combined 20 visits per year for occupational, speech, or physical therapy, home health care, and chiropractic care”
- Some may allow appeal of denial to panel of members



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# What are these arrangements?

## Characteristics of health care sharing ministries

### *Coverage of Preexisting Conditions*

- Most only share costs for preexisting conditions if the condition was cured and a year or more has passed without symptoms or treatment. Examples include:
  - Preexisting condition bills can only be shared under the HCSM's more generous "gold level membership," up to \$50,000 total for the first 3 years; after 3 years, the condition is no longer considered preexisting
  - Needs resulting from Type 1 diabetes that existed prior to membership will not be shared, even if a member was without treatment or symptoms for 12 months
  - Maternity services are eligible if a member's due date is at least 300 days after joining



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# What are these arrangements?

## Characteristics of health care sharing ministries

### *Benefit Exclusions*

- Typically exclude treatment for mental and behavioral health and substance use disorders, and preventive and wellness services; and limit or exclude prescription drugs, among other restrictions. Examples include:
  - Prescription drugs to treat a condition for more than 6 months
  - Routine and preventive care, including well-patient care and screening tests
  - Expenses related to “non-Biblical” lifestyles and choices, such as alcohol and drug-related injuries, maternity out of wedlock



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# What are these arrangements?

## Characteristics of health care sharing ministries

### *Dollar and visit limits on benefits*

- Most set monthly, annual, and/or lifetime limits on coverage; others have limit per illness. Examples include:
  - \$1 million lifetime limit and \$50,000 annually
  - \$125,000 limit per illness
  - \$25,000 limit, regardless of membership tenure, for tobacco users age 50 or older for cancer, heart condition, COPD and stroke
  - \$4,000 limit for “normal” delivery of baby, \$6,000 limit for medically necessary cesarean section



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# What are these arrangements?

## Characteristics of health care sharing ministries

*Some condition reimbursement on factors other than defined benefits; to reduce cost of claim before submitting, members must:*

- Submit bills to other insurance, gov't programs, hospital charity programs
- Pursue legal case against potentially liable party
- Authorize HCSM to negotiate with providers for lower charges

*May use a provider network:*

- *Some issue members a card to give to providers*
- *May refer to a Preferred Provider Organization and limit amount that can be “shared” for non-PPO providers*



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# What are these arrangements?

## Characteristics of health care sharing ministries

### *Not insurance...*

- Membership guidelines note that ministry is not a health insurance company and it does not guarantee payment for members' claims
- Ministries avoid using insurance terms

### *Even so, some features closely resemble insurance*

- Provider networks
- Levels of coverage (gold, silver, bronze)
- Defined benefits and cost-sharing
- Preauthorization for medical necessity
- Claims processing



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# Insurance vs. HCSM: Differences for patients and providers

State-regulated Insurance	Health Care Sharing Ministry
Solvency standards ensure sufficient funds to pay claims for covered services	No minimum funding required; payment to members may be pro-rated if member claims exceed contributions
Must be licensed to operate as insurer	No requirement to be licensed or meet standards for coverage
Prompt payment regulations designed to ensure providers are paid within specified timeframe	No obligation to pay claims; may require member to negotiate for lower charges, seek charity care before claim can be submitted
Right to appeal denied claim for review by medical expert, with option to obtain review by external, independent organization	May request appeal to panel of other members; binding arbitration under process determined by HCSM; waive right to sue

Note: specific provisions will vary by state and HCSM

# How are they regulated?

## Federal & state regulation of HCSMs

### *The Affordable Care Act*

- Enrolled individuals are exempt from the ACA's individual mandate
- Neither the mandate exemption nor any other provision of federal law preempts state regulatory authority over HCSMs

### *State regulations*

- Safe harbors in 30 states specifically exempt qualifying HCSMs from insurance regulation
- While courts have concluded, in some cases, that practices constitute the business of insurance, no state currently regulates them as insurers



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# What's the market like in California?

## Membership growing

- Alliance for Health Care Sharing Ministries reports that membership nationwide has grown from less than 200,000 lives pre-ACA to more than one million lives, but independent data unavailable
- In CA, based on 2018 interviews with two HCSMs
  - Larger, established ministry has 12,000 lives
  - Smaller, recently established ministry reported 215 lives in California, though growing rapidly with help of brokers and doubled in prior open enrollment
- AlierCare, Liberty, Medi-Share, Sedera and Samaritan reportedly sell in California



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# What's the market like in California?

## Brokers are selling ministry membership

- Typically marketed to individuals, but some known to be marketing in CA, Sedera and Alieria, sell to small employers
  - May be marketed with skinny MEC plan that covers preventive services; HCSM intended to help with cost-sharing for other services
- Ministries are using brokers to sell memberships
  - Some brokers interviewed currently sell them, others won't, but have been approached by ministries
  - Broker agencies may have multiple ministry offerings, and may pair with other insurance products
  - Brokers offering ministries report they direct consumers to Covered California if they have a preexisting condition, may offer HCSM to those who are healthy



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# Will membership continue to grow?

## Future growth potential

*Respondents don't believe that the elimination of the federal individual mandate penalty will have a great effect on membership. They say:*

- Members attracted to the religious nature won't be swayed
- Bigger draw: Cost of ACA plans will continue to drive membership as HCSMs marketed as affordable alternative to ACA plan
- Brokers reported being approached by some HCSMs encouraging them to sell memberships



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# Will membership continue to grow?

Monthly cost of membership or plan in 2018	
Medi-Share	\$131 <sup>†</sup>
Samaritan	\$120
AlieraCare	\$105
Liberty	\$157
Sedera	\$166 <sup>‡</sup>
Covered California	\$325 - \$579 <sup>×</sup>

<sup>†</sup>Must meet “health standards” for this price (includes BMI, blood pressure standards)

<sup>‡</sup>Per employee

<sup>×</sup>Average cost of benchmark silver plan for a 40-year-old in 2018



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# Considerations for Regulators

1.

Do certain ministry features open up regulatory authority under existing state law?

2.

Do consumers understand what they're buying?

3.

How will future growth contribute to selection against Covered California?



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# Related CHIR Publications

- [Health Care Sharing Ministries: What Are the Risks to Consumers and Insurance Markets?](#)
  - Analysis of state laws governing HCSMs in all states
  - Interviews with officials in 13 states
  - Review of membership requirements and benefits of five HCSMs:
- [Views from the Market: Insurance Brokers' Perspectives on Changes to Individual Health Insurance](#)
  - Interviews with brokers in 6 states, one national web broker
  - Among findings: Brokers report higher commissions for non-ACA products, including HCSMs; HCSMs offered as 2<sup>nd</sup> most common alternative to ACA plans (behind short-term plans); extensive outreach from HCSMs to brokers

# For Questions and Additional Information:

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