

Peg Ellefson Testimony

April 1, 2022

Health Care Sharing Arrangement Committee Hearing

- Committee Chair, Members of the Committee, thank you for allowing me to testify today. My name is Peg Ellefson, and I am self-employed and a realtor.
- My family has been impacted by major illnesses.
 - My mother had breast cancer and leukemia.
 - On January 15, 2015, I received the news I never wanted to hear – I was diagnosed with breast cancer.
 - Fortunately, I was diagnosed with Stage 1 cancer and my treatment was a lumpectomy and inter-operative radiation. The cost for that treatment was in excess of \$100,000.
- Thankfully, I am doing well but will continue to see my oncologist yearly for checkups and I took Letrozole for five years to minimize any the risk of reoccurrence.
- During my cancer treatment, I was thankfully on a group plan.
- In 2017, I took the plunge and decided to be self-employed. Once my COBRA period ended, I had to go on an individual policy.
- When I joined a large brokerage firm (1099), I was offered a health share plan that sounded fabulous.
- I was unfamiliar with this type of plan and met with the representative from the benefits company to learn more.
- At that time, I was told by the agent that plan was not health insurance but a health share plan. That is why they could exclude anyone with a pre-existing condition.

- He said this product will not cover any cancer diagnosis because of my pre-existing condition. If I would sign up for the product, anything cancer related would not be covered.
- I would essentially have to pay out-of-pocket for anything to do with cancer for the next several years. The out-of-pocket was on a declining scale for every year I would be on the plan, but at the time, it would be around five years before I would be covered.
- Not a risk I was willing to take.
- So I stay on an individual plan that is expensive, high deductibles and narrow networks.
- Health care sharing arrangements can be good for those without what is considered a “pre-existing” condition. Those of us who have had an illness that is considered pre-existing need to be diligent in searching for healthcare coverage.
- First of all, I don’t believe I have a “pre-existing” condition. I have been cancer free for over seven years. Saying I have a pre-existing condition would be like saying I had strep throat last year and I get it again this year, but the insurance or cost share company won’t cover the treatment, because I had a “pre-existing” condition!!
- Healthshare plans do not have the same requirements as traditional insurance. A lot of people are not aware of the difference between health sharing and health insurance.
- What would have happened if I had not had a conversation with an honest health benefits agent?
- What if I had signed up for the health share coverage and my cancer had returned? I would be on the hook for hundreds of thousands in medical bills to fight cancer.
- Cancer survivors, and everyone deserves better. Give us the transparency we need and support House Bill 1269.

Thank you for your time.

Peg Ellefson

Castle Rock, CO



April 1, 2022

The Honorable Susan Lontine
Chair, House Health and Insurance Committee
200 E Colfax, Rm. 307
Denver, CO 80203

RE: Legislation concerning health care sharing arrangements (HB 22-1269 vs. HB 22-1198)

Dear Chair Lontine and members of the Committee:

Thank you for the opportunity to submit written testimony on the two bills being heard today regarding health care sharing arrangements (HCSAs), HB 22-1269 and HB 22-1198.

The mission of The Leukemia & Lymphoma Society (LLS) is to cure leukemia, lymphoma, Hodgkin's disease, and myeloma and improve the quality of life for the more than 1.3 million people in the United States living with blood cancer, and their families. The proliferation of "insurance-like" products in recent years, including HCSAs, is of significant concern for LLS. HCSAs are exempt from many important consumer protections and as a result, pose significant risks for people with pre-existing conditions and chronic illnesses.

LLS has endorsed HB 22-1269 because this bill creates strong transparency standards in a setting for which higher transparency is essential to protect consumers from bad actors in the HCSA industry. Similarly, LLS would warn against the "black box" approach to transparency proposed in HB 22-1198, as well as the limitations it places upon the ability of state agencies to protect consumers.

HCSAs pose risks to patients and consumers

Last year, LLS and 29 other national patient advocacy organizations issued a report finding that HCSAs adopt features closely resembling traditional insurance coverage, and often market themselves as a low-cost alternative to Affordable Care Act (ACA) plans.¹ The report went on to describe how consumers may enroll in HCSAs thinking that they are purchasing comprehensive coverage and without fully understanding the financial risks of a product that provides no guarantee of paid claims.

Even the services that are purportedly "covered" are limited and expose enrollees to substantial risk. Unlike actual insurance, HCSAs provide only the possibility of recouping some portion of incurred medical bills. HCSAs typically will not provide these payments for any costs related to pre-existing conditions, and routinely exclude any payment for key services, such as mental health and substance use disorder services, preventive services, and prescription drugs.

¹ The Leukemia & Lymphoma Society. (March 2021). "Under-Covered: How 'Insurance-Like' Products Are Leaving Patients Exposed." https://www.lls.org/sites/default/files/National/undercovered_report.pdf



Patients who receive a serious or life-threatening diagnosis while enrolled in an HCSA plan may face payment denials for all care leaving them responsible for devastating medical expenses.

HCSAs also note that they provide “last dollar” payment for medical bills and require that members first exhaust all other options, including other coverage, workers’ compensation, charity, and government entitlements (for those with certain lower incomes).² Further, members whose health care costs are denied payment have no right to appeal to an independent reviewer with medical expertise as they would under ACA-compliant coverage.³

Only HB 22-1269 will deliver sufficient transparency for HCSAs

LLS supports the enhanced reporting provisions in HB 22-1269 that require HCSAs to provide timely and comprehensive data to the Colorado Commissioner of Insurance regarding the size, financial conduct, and sales practices of HCSAs. As HCSAs continue to expand, state regulators must have information on these activities to evaluate whether these arrangements’ operations constitute the business of insurance, to watch for deceptive marketing and reimbursement practices, and to monitor enrollment.

LLS has significant concerns about the limited disclosure requirements proposed in HB 22-1198. Rather than provide more comprehensive data directly to the state insurance department, HB 22-1198 puts unconstructive limits on the data to be reported and would rely on audits that lend themselves to conflict-of-interest issues.⁴ The use of audits has not prevented HCSA misconduct resulting in administrative action and successful fraud lawsuits in other states.⁵

Self-policing is unlikely to achieve the results Colorado lawmakers are expecting in this market. Colorado’s own Division of Insurance said in October 2020 that it was receiving complaints⁶ about an HCSA whose spokesperson said in 2017 it “took to heart” Montana regulators’ critiques of their opaque business practices that had resulted in their being prohibited from conducting business in that state from 2007 to 2017.⁷ The HCSA in question – Medi-Share – is a member of the trade organization seeking passage of HB 22-1198.

² Volk, J., Curran, E., & Giovannelli, J. (August 2018) “Health Care Sharing Ministries: What Are the Risks to Consumers and Insurance Markets?” *The Commonwealth Fund*. <https://www.commonwealthfund.org/publications/fund-reports/2018/aug/health-care-sharing-ministries>

³ The Leukemia & Lymphoma Society (2021).

⁴ Turner, L. (Dec. 28, 2020) “Reforms of the Auditing Profession: Improving Quality Transparency, Governance and Accountability.” *Harvard Law School Forum on Corporate Governance*. <https://corpgov.law.harvard.edu/2020/12/28/reforms-of-the-auditing-profession-improving-quality-transparency-governance-and-accountability/>

⁵ Examples include: Weir, K. (Jan. 27, 2022) “Liberty HealthShare, vendors reach multimillion-dollar settlement with attorney general.” *Canton Repository*. <https://www.cantonrep.com/story/news/2022/01/26/liberty-healthshare-reaches-settlement-ohio-attorney-general/9224961002/>; Ommen, D., (March 17, 2021) “Consent order against Trinity Healthshare.” *Iowa Insurance Division*. https://iid.iowa.gov/sites/default/files/enforcement-orders-and-actions/82_-_order_and_consent_to_order_-_trinity_-_3.17.21.pdf

⁶ Rabey, S. (Oct. 23, 2020) “Health Share Ministries Face Growing Chorus of Complaints and Lawsuits.” *MinistryWatch*. <https://ministrywatch.com/health-share-ministries-face-growing-chorus-of-complaints-and-lawsuits/>

⁷ Larson, S. (Aug. 8, 2021) “Montanans find insurance alternative, pitfalls, with health care sharing ministries.” *Helena Independent Record*. https://helenair.com/news/state-and-regional/govt-and-politics/montanans-find-insurance-alternative-pitfalls-with-health-care-sharing-ministries/article_802af5a3-fc97-56da-8d29-c09d3b1a9ea5.html#tracking-source=home-top-story-1



Conclusion

LLS serves thousands of Colorado patients and families who need access to quality and affordable healthcare regardless of their income or geographic location. We appreciate the opportunity to provide input on the two bills being heard today and urge your committee to support the only bill that delivers the transparency standards needed to protect Colorado consumers: HB 22-1269.

If LLS can be of further assistance, please do not hesitate to contact me at dana.bacon@lls.org or 612.308.0479.

Sincerely,

Dana Bacon
Regional Director, Government Affairs
The Leukemia & Lymphoma Society

My name is Rebekah Quinlan and I live in Sedalia CO - I support HB22-1269. Health Cost Sharing, through Samaritan Ministries, has been a gift to our family. Samaritan is a ministry for sharing expenses between Christians. In order to be a member, you have to sign a document each year saying you subscribe to the member approved guidelines which are supported by our Christian faith. **This ministry/cost sharing program is NOT insurance** and there is no transfer of risk. We are still obligated to pay our own health bills and subsequently have the opportunity to submit those bills for cost sharing among like-minded individuals that share the same faith. **To have a Christian Ministry regulated by a non-faith-based government organization like the department of insurance is unconstitutional (if not discriminatory) .**

As members of Samaritan Ministries for the past 7 years, all explanation of coverage, cost of share, and allocation of funds within the ministry have been transparent. In the past 7 years, as Samaritan members, we have had two births with all but \$300 shared per birth (they even paid for chiropractic care, a birth doula and offered to help with the cost of massages during my pregnancy). My daughter had major surgery at seven weeks old and every cost was shared and paid. We have had several times where we needed special care at children's hospital and those costs have also been shared and paid. Additionally, I have never had any practitioner turn me away because I do not have insurance – on the contrary, doctor's offices love that they are paid up-front for services and do not have to work to be reimbursed. **We love having the freedom to choose our practitioners.**

I strongly oppose this bill as it places undue burden on a ministry as well as groups “Health Cost Sharing” in with traditional insurance -it is not insurance.

This bill is unconstitutional and discriminatory -regulating the acting out of one’s faith. “Bear one another’s burdens and so fulfill the law of Christ” (Galatians 6:2).

HB22-1289 Health Care Sharing Plan Reporting Requirements

Sponsors: Rep. S. Lontine, Sen. C. Hansen

April 1, 2022

Written Testimony provided by the Colorado State Association of Health Underwriters (CSAHU).

The Colorado State Association of Health Underwriters (CSAHU) is Colorado's largest professional association of licensed brokers, agents, and producers in the health care industry. Our members assist and advocate for thousands of Coloradans each year during open enrollment and beyond. We advise and provide guidance to our clients when selecting and enrolling in a health plan to ensure they select a plan that best meets their medical needs and their financial situation. Support and advice are provided to the consumer throughout the year.

We are writing today to state that CSAHU will move to from an amend position to a **monitor** position on HB22-1289 with the adoption of L002. Amendment L002 addresses our concerns by removing the term producer from page 4, lines 19 and 20 and from page 4, lines 21 and 22.

It is crucial that the sponsors and supporters of this Bill understand that any entity or person can sell a Health Care Sharing Plan. Not just Colorado Licensed Producers. These plans are not insurance and CSAHU does feel very strongly that because they are not insurance that the oversight of these plans should be under the Attorney General's office and not with the Division of Insurance.

We want to thank the sponsors of this Bill for working so closely with CSAHU and for understanding and addressing our concerns.

Thank you-

CSAHU

Tim Hebert, CSAHU Legislative Chair

Tammy Niederman, CSAHU Legislative Co-Chair

My name is Mike Quinlan and I live in Sedalia, CO. My family and I have been members of Samaritan Health Cost Sharing since 2014. Prior to 2014 we had the best health insurance available to us through my employer Newmark (3rd largest real estate brokerage company in the world). On Samaritan our monthly bill averages around \$525 and virtually everything is paid for. **Samaritan Ministries is not insurance, it's a group of like-minded people who agree to share health care expenses and reimburse each other directly for qualified expenses. Therefore, it is much more affordable, and much more is qualified as a shareable expense as the insurance company is not a middle-man looking to make a profit. Legislature should have zero say in who I choose to share money with, it's not insurance, it's people sharing health care costs and this does not require legislature oversight. Please stay out of the way and let a great system work great on it's own.**

Example 1: The birth of our first child was at Denver Health and cost us \$40,724 on insurance.

Our family cost for Aetna Insurance in 2013 was \$1,977 monthly / \$23,724 annually. Our deductible was \$6,000, 80% coverage thereafter but only for qualified expenses. Our 1st son was born 1/12/14 so we paid 2 deductibles (\$12,000) + approximately \$5,000 of additional costs for the birth out of pocket for uncovered items + \$23,724 in annual insurance premiums = \$40,724.

We've had 2 additional children as members of Samaritan since 2014 with each child's birth being 100% covered including chiropractic charges, doula, and massage was even covered had we elected! Bottom line is we pay approximately \$6,300 in annual contributions to Samaritan members. In this first hand example of having a birth on insurance vs. medical cost sharing it was \$34,000 less for us to share costs. We will not utilize traditional insurance so long as much better options are available to us.

Summary: on the best insurance available to us a healthy birth was: \$40,724 including insurance premiums, deductibles and co-pays. On Samaritan a birth was \$6,300 (annual Samaritan dues only) = Samaritan is \$34,000 per year less for our family when only factoring in an expense such as a birth and excluding all other health events.

Example 2: Our daughter Lydia required a surgery at 7 weeks old which we did at Sky Ridge. The quoted rate for the procedure for someone who had insurance was over \$100,000. We prepaid the actual costs (Only \$7,500) and were reimbursed 100% through Samaritan members.

Summary: Insurance companies understandably need to make a profit. However, their overhead and profit is passed onto consumers through very expensive premiums, co-pays & deductibles. Our experience on insurance is **many items are excluded** from coverage such as chiropractic. Deductibles are paid out of pocket and a percentage of costs is also paid out of pocket. In conclusion, being a member of Samaritan has been a huge blessing and translates to at least a \$20,000 annual savings for our family. Also, knowledgeable and helpful employees actually answer the phone when you call. Receipts can be uploaded through the website and medical expenses reimbursed. Everything has been completely above board and transparent.

Our understanding is 1 or 2 poorly run cost sharing companies have produced bad results for their members and have been shut down. Please do not unnecessarily regulate this as if it were insurance which will drive up our costs and make it more difficult and expensive for Samaritan Ministries to operate in CO.

Mike & Rebekah Quinlan

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House Health & Insurance
 04/01/2022 Upon Adjournment
 HB22-1269 Health-care Sharing Plan Reporting Reqmnts
 Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
Anna Liberatore Against Self	<p>Sonya Lewis, and Tracy Bernet;</p> <p>Samaritan ministries saved my life. The ACA is not affordable, and I couldn't go the local hospital or the doctor of my choice with the bronze plan. The ACA does not serve the self-employed well. IT's too expensive and doesn't provide good care.</p> <p>I had a heart attack and went immediately to the local hospital. My heart was saved. If I had gone to the Kaiser hospital affiliated with ACA, I might have died. The time would have been too long, and my heart would have been damaged. I went quickly to the local hospital and got to use doctors that know me. i got there in 10 minutes.</p> <p>We need MORE of these health sharing ministries. There are others that are not religious and re nonprofits. People need better care. While government healthcare might be a step in the right direction, all government healthcare is going broke in Europe. Please consider helping these health sharing ministries take over insurance. The profits of insurance are not helping make an ethical health system. Please help us make this an ethical affordable system. We need local doctors and local hospitals that KNOW their patients. ACA favored big conglomerates that do not care about patients and doctors. Thanks for reading my testimony. Anna M. Liberatore</p>
Cindy Stevens For Self	<p>Dear Members of the House Health and Insurance Committee,</p> <p>As a former insurance professional and as a volunteer lobbyist with Colorado Cross Disability Coalition (CCDC), I support bill HB-1269 which would require any person that is not authorized to engage in the business of insurance in this state but that offers or intends to offer a plan to facilitate payment of (or to cover) health-care costs or services for Colorado residents to “oversight” by the Colorado Commissioner of Insurance. This “oversight” will help protect Colorado consumers of healthcare cost sharing plans from confusion and misinformation as to what they may expect to be covered costs versus what is not covered. Even though these plans are not true insurance, purchasers of these non-standard plans may not be well informed of coverage and experience unexpected exclusions. For example, under faith-based cost sharing plans, medical services which would be typically covered within the state of Colorado (such as births from unwed mothers, birth control expenses, etc.) would likely be excluded.</p> <p>HB1269 will help promote transparency of health care cost sharing plans and will ensure that the Commissioner of Insurance will obtain</p>

	<p>necessary information on an annual basis to monitor these entities and protect Colorado residents.</p> <p>Thank you for your kind attention, Cindy Stevens</p>
<p>Kathleen Fritzler Against Self</p>	<p>I oppose HB 1269. Myself and three of my adult children and their families all use health sharing for our health care needs. I am in the gap of not having health insurance and before being eligible for Medicare, so using a health sharing program is ideal for my needs. Purchasing regular health insurance is cost prohibitive for me and I don't have chronic health conditions, so do not wish to pay for a service I don't need. My children all have their own small family businesses and have children of their own. Health cost sharing is an ideal solution for their needs as they can afford the sharing costs and appreciate being part of the lives of others who they can pray for and financially help with their specific health care needs.</p>
<p>Philip Sauser Against Self</p>	<p>Dear Elected Representatives,</p> <p>My wife and I joined Samaritan Ministries for healthcare sharing in 2015, after being overwhelmed with rapidly rising insurance costs, leading to a \$1400 monthly premium, in addition to some severely high deductibles, co-payments, and maximum out of pocket levels. My wife's employer offered no insurance for part-time employees, and I was self-employed. Joining Samaritan cut our monthly healthcare expenditures by almost 2/3.</p> <p>I appreciate Samaritan Ministries healthcare sharing for many reasons beyond the cost containment: 1. I share in a large community of faithful Americans who pool their hard-earned money and share healthcare costs in a very efficient and direct way, with accountability on behalf of all members as well as the Samaritan managers, who distribute the funds so efficiently. 2. The Samaritan Board is held to a high standard and the members participate in the Board appointments. 3. I take great comfort in knowing that all participants are working for the same goal and that the mission avoids wasting of funds and the cost of for-profit corporate management. It also avoids wasteful bureaucratic government involvement.</p> <p>I have had three specific healthcare issues, all appropriately managed since 2018. Having Samaritan healthcare cost sharing was the essential part of me being able to be self-employed over the last six years. I was also comforted by the outreach, shared prayers, and expressions of concern from a community of like-minded participants, as well as from Samaritan Representatives.</p> <p>I have met many people in similar situations as mine and have always highly recommended Samaritan Ministries for their health care sharing alternative to the impossibly high traditional health care premiums. Samaritan members are freely participating in a well-organized healthcare sharing network. To have this organization, or other organizations like it, be bureaucratically regulated and caused to become something they are not (insurance) would simply rob from its intended purpose, and this to me would be government intrusion, and a</p>

	<p>waste of government resources. Our network is not broke, and in fact it is getting more efficient all the time as it deals with the constantly changing world of medical care. Please, let it continue to carry out its service as intended.</p> <p>Sincerely, Philip M. Sauser</p>
<p>Beth Roman Against Self</p>	<p>To Whom it May Concern,</p> <p>I have been a member of a health care sharing ministry (HCSM) since 2018. We are a community of believers in Christ who share each others' medical needs through our monthly portion contributions, extra contributions and prayers. We are not an insurance. We are a community that functions much like the members of the early church did, taking responsibility for taking care of ourselves and those in our community in the way God instructs us to in His Word.</p> <p>I became a member of an HCSM when I left my job of 25 years to take care of my elderly father. I have found it to be a perfect fit. In addition to answering my health care needs, my HCSM has provided me with emotional and spiritual support for this challenging time of life. As a member, I am able to rely on the medical assistance as well (and perhaps equally important) as being part of a community that genuinely cares about each other, prays for each other and supports its members spiritually in times of need. Insurance companies do not provide that spiritual support that we in the faith community understand as being so vital to our condition and the condition of our communities.</p> <p>My HCSM has allowed me to live by my values and given me the freedom to be available for my dad as he nears the end of his time here on earth.</p> <p>Additionally, as a member of the HCSM, I am able to vote on matters that affect my monthly portion and I know that money I contribute will never be used in a way that is not honoring to God.</p> <p>I am extremely grateful to have this choice and respectfully request that you defeat HB 1269 which will place a costly and unnecessary burden on the members and staff of the various HCSMs.</p> <p>Sincerely, Beth A. Roman Williamsburg, CO</p>
<p>Mary Powell Against Self</p>	<p>Dear Honorable Committee Members:</p> <p>This written testimony is my STRONG REQUEST for you to vote NO on HB22-1269, "Concerning Requirements Imposed on Unauthorized Persons Offering Coverage of Health-Care Costs for Colorado Residents."</p> <p>This bill is yet another egregious power grab by this Legislature, the Insurance Commissioner and the Governor, to take over and punitively regulate an industry which has been exempted from definition as "insurance". The only reason such a power grab is being attempted is to, yet again, deny religious freedom to those persons who would choose to</p>

	<p>have their medical expenses covered through programs which do not cover things like abortion, which do not cover same sex partners, nor other non-Biblical situations. This is an outright attempt to deny our First Amendment right to freedom of religion, which includes all ways to express that religion and its beliefs.</p> <p>This bill would include requirements for onerous detailed disclosures which are not necessary, but which would set up the Medical Expense Sharing Program (“Program”) and its associated organizations to over-zealous scrutiny and potential backlash, since it is obvious that this bill would like to eventually legislate these Programs out of existence.</p> <p>The bill would redefine the Program as “unlicensed health insurance” – which by its very nomenclature opens up the Programs to issues since they would be defined as “unlicensed”. Indeed, even the TITLE of this Bill wants requirements imposed on “unauthorized persons!”</p> <p>This bill would also give the Commissioner unlimited and open-ended ability to demand any and all further information it might ever want.</p> <p>And finally, it would allow the Commissioner to publish a blacklist of Programs, their supporters and vendors, subjecting them to persecution or cancellation based on their faith and participation with the Programs. The veneer on the power grab of this bill is very thin; in fact, it is really non-existent! It is very clear this bill is only the first step in outlawing these Programs altogether, thus, again, stripping further the right to freedom of religion from faith-based persons who wish to live out their faith by participating in these Programs.</p> <p>In support of our right to FREEDOM of RELIGION and our rights to live our lives as we see fit in ways that do not impinge on any other human being’s rights, I DEMAND that you vote NO on HB22-1269!</p>
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Section 1-Stacey Gilbert Testimony in Support of HB22 1269:

Good afternoon, Madam Chair and Members of the Committee. My name is Stacey Gilbert. I am an employee benefits consultant with Denver Tech Insurance. I have over 25 years of experience that goes to the Fortune 200 level and have worked for two large insurance companies prior to work as a consultant. I specialize in partial self-funding helping boot strapped employers in Colorado drastically reduce their health plan costs, lower out of pocket so they are competitive in a tight job market

I am here today to express my **support for HB22 1269** and the public need to have information on Health Sharing Programs.

In Colorado, small portion of life and health premiums go into a guarantee fund in case an insurance company becomes insolvent*. Plans that are not filed with the state of Colorado and Health Sharing Ministries do not have access to this fund. Fiduciary responsibility of all healthcare plans is crucial to their operation and reputation.

My discussion today pertains to my story regarding the **FIDUCIARY RESPONSIBILITY of ANY ENTITY** that is a **“CLAIMS PAYOR” outside of the major insurance companies and how a lack of fiduciary responsibility and lack of information on the company, can lead to insolvency.**

Health Sharing Programs are a private **CLAIMS PAYOR** that reimburses healthcare claims!

Once a Sharing Program or TPA is shut down due to insolvency, there is nothing left to pay the claims, which can lead to the medical bankruptcy of the patient.

I would ask all of you in the room to take out your cell phone and “Google”:

- **Department of Labor & ABMS TPA”** (ADVANCED BENEFITS MANAGEMENT SYSTEMS USA, INC., a South Carolina Corporation
- **Medova Health Plans and DOL** (A TPA that was in Kansas)

ABMS handled around 200 employers with over 20,000 members across the country. The CEO comingled employer health plan claims funds that were supposed to have separate accounts. **My understanding is the CEO stole \$7 million of the claims funding and lost all the money at the local racetrack.**

I had two clients lose their group claims funding when ABMS was shut down by South Carolina DOI and the DOL in 2019. It was a nightmare for an employee dealing with a surgical claim. I don't want you to think **lack of fiduciary responsibility** has happened only with one “claims payor”, so I mentioned Medova Health Plans as they were larger, in more states, shut down last year due to fiduciary issues.

The reality: we don't know what goes on in the background for ANY claims paying operation so it's crucial to have this data for a product like a Health Sharing Plan that is a mystery to the public.

[*https://www.colifeqa.org/AdditionalInfo/Open/735/17-07-11%20COPA%20Disclaimer%20FINAL](https://www.colifeqa.org/AdditionalInfo/Open/735/17-07-11%20COPA%20Disclaimer%20FINAL)

Why share my unfortunate story????? If an insolvency due to lack of fiduciary responsibility can happen to my clients with small TPA that handles partially self funded health plans using a major Stoploss Insurance company, **it certainly can happen with a privately owned Health Sharing Program that pays claims either “in house” or through a “contracted TPA”, without the security of stoploss coverage.** I am sure you all recall that the **DOI shut down Alera in Colorado and other states due to fraud and stolen funds?**

So what kind of information we need do to protect the consumer?

I have provided a list in my written assessment, but we must obtain information on:

- **Management**
- **Financials**
- **Premiums Charged**
- **Claims adjudication**
- **Investors** or investment group/s
- **Business Coverage** → **Can you imagine, ABMS TPA only had a \$500,000 crime bond!**
On a personal note, I have to carry professional liability insurance just to work with insurance companies all over the United States, and I am just a producer/consultant.

We only find out when a Health Sharing Program gets in trouble with a state department of insurance due to press coverage about unpaid claims, so **We MUST have Transparency on ALL healthcare claims payors and affiliate payouts.** The New Transparency law that started in December 2021 demands full transparency with regards to healthcare.

It's disturbing to me that **ANYONE** can startup a health sharing program, put up their “flag” and start collecting money with no information provided to the public. **The legislature has a duty to help protect consumers against entities who might mismanage funds, siphon off that money and deny claims.**

I am also very concerned that the proliferation of Health Sharing Programs in Colorado **dilutes the individual major medical market** to the point that the annual rate increases and plan designs created each year are **higher cost** and higher out of pocket at renewal on January 1, to account for a “sicker” pool, as Sharing Programs siphon off healthy people that would normally participate.

I have also submitted written testimony with links to important data and complaints for further reading. Thank you for your time today.

Stacey Gilbert

Stacey Gilbert

DenverTechInsurance.com

303-471-9424



Next Gen Employee Benefits: Group Health Insurance | Alternate Funding with Refund Potential | Cost Containment | 1099 Coverage

Section 2: Written Assessment for the Healthcare Committee:

Concern should be for all consumers and employers in Colorado who do not know how to “vet” these products:

1. **Health Care Sharing Programs are not understood by many consumers.** Products are marketed to individuals/families and recently into businesses that it's “like health insurance” but the enrollee thinks that they have purchased “inexpensive health insurance”.

The reality: the member has to PAY CASH FOR ALL MEDICAL SERVICES UPFRONT to the facility or provider and "hope" they get reimbursed by the Health Sharing Program.

- **Most providers only offer a cash cost to the member for services and the member is stuck trying to get reimbursed**
 - **“If” the member is reimbursed, it can take 90 to 120 days.**
 - **Collection notices to members by providers are common.**
2. **Health Sharing programs discriminate on a variety of factors such as refusal to cover those “living together/ unmarried”, LBGTQ, along with applicants with pre-existing health issues.** These products also have a long list of items that are not paid for and are considered “pre-existing”, even if the member did not know at the time of application. And no one is discussing the member that does not know they have a pre-existing condition being stuck with a large bill.
Example: Blood panel shows a patient has Hep C, the Rx, Harvoni is \$60,000 to \$100,000 to treat.
3. **Health Sharing Ministries will pay up to a limited benefit amount**, some with maximum limits per incidence. Many of you reading this are aware that a spine surgery or 12-14 day stay in the hospital (non vented) for Covid can be \$180k-\$250k So what is the member going to do when they have a \$50,000 or \$100,000 maximum?
4. **Anyone can start a “claims paying operation”, call it a Healthcare Sharing Program** including companies that are using a vague term of “faith” or “community” (instead of a “**specific faith**” as required by the ACA provision that states they must have been in business since 1999).

Question: Why are NON-faith “association health plans” masquerading as “health sharing ministries” even allowed? We had an insured, non-profit cooperative decertified and shut down in 2015 by the Colorado DOI as they determined there were not adequate cash reserves to pay claims: <https://www.denverpost.com/2015/10/16/colorado-healthop-shut-down-by-state-regulators-amid-cash-reserve-woes/> How exactly are these plans different than the Colorado Health Op. In fact SEVEN states with these health cooperatives all shut down within the same time frame due to lack of cash reserves!

5. **Health care sharing programs create a pool that people pay into each month with no information on the financials, management, claims payout or even the experience of the management of the entity.** It's kind of like they are creating an “association health plan” or MEWA (which is not allowed in Colorado), charging membership fees of 1/8 to 1/4 of what is needed actuarially to pay claims. I remember the days when we charged \$100/month for employee and \$300 for family. That was in the early 1990's! **So how is this actuarially sound????**

6. **Health Sharing Programs DO NOT have underlying stop loss coverage or reinsurance so there is NOTHING to help with large claims payment if they become insolvent** Actually, most are not financially sound unless they **deny a lot of claims**, thus the large number of complaints to the CO Dept of Insurance and they have no ability to help these people right now.

7. **There is a history of fraud, stolen claims funding and mismanagement of some Health Sharing programs** because they are not regulated. (Ex. Google “*Aliera Fraud*” and the words “*Health Care Sharing Ministry Fraud*”)

Health Care Sharing Programs must be:

A. Limited to the individual/family market ONLY. (Discrimination and ERISA issues in the employer market along with employers at risk for lawsuits from employees with unpaid claims and not understanding how they work, thinking the employer vetted the “health insurance company”).

B. Limited Health Sharing Programs to plans that are for a SPECIFIC FAITH ONLY and are in compliance with the ACA provision that they have been **in existence since 1999**. Sharing Arrangements **outside of a specific faith or started recently should not be allowed** as they do not meet the requirements or have few funds in their pool for large claims. They are basically an attempt to sell unlicensed insurance in a “cooperative” format. (Most will recall Colorado had a non profit insurance coop shut down in 2015 for not having enough reinsurance/solvency).

<https://www.modernhealthcare.com/article/20151020/NEWS/310209999/colorado-insurance-co-op-unsuccessfully-challenges-closure>

C. Health Sharing Programs should only be marketed by independent affiliates only, with no marketing allowed by and no kickbacks to local associations or Chamber of Commerce, many who do not “vet” these organizations properly. Most of these organizations are just looking for fees to support their organization or to have “something affordable” for members.

D. Marketing rules should be set by the insurance commissioner with clear language the **Health Sharing Programs** is not insurance and reimbursement are not guaranteed to the member in materials provided.

E. Health Sharing Programs should have a Colorado DOI application process to operate in Colorado and audited financials annually and quarterly reporting including:

- Review of the Health Sharing Ministry management team and Board of Directors by the state insurance commissioner including a criminal background check
- Number of full time employees, if any services are handled by overseas contractors (such as accounting and customer service) and a list of all outside contractors
- Financials Including their total funding and how much they are earning monthly from premiums collected
- Amount of premiums collected, and claims paid each month for the past 5 years
- Claims adjudication list and their refusal to pay claims including their largest claims and ongoing claims
- A list of members denied coverage or terminated at point of claim due to not meeting the requirements of that program (ex. Living together unmarried)
- A list of large claims denied by the HCSM
- Number of members by county
- Percentage claims payout per dollar collected
- Premiums they are charging and for what plans they offer or how they work
- Commission schedule, bonuses and marketing contract for affiliates and entities
Commissions paid monthly to non-licensed affiliates, associations and other entities (such as churches, associations, chambers of commerce)
- Commissions paid monthly to licensed producers

- Investors or investment group/s with breakout of % investment in the Health Sharing Ministry, amount of ownership along with any funds returned to the investor group and how they are paid
- Certificate of Insurance listing all business insurance including:

1 Professional Liability coverage for claims payor	4 Workers Compensation
2 Directors and Officers coverage	5 Fiduciary/Crime bond
3 General Liability	6 Cyber liability covera

The COI should show dates of coverage and amounts of coverage. DOI may require higher amounts of coverage depending on the size of the membership of the Health Sharing Program.

Important Links to Articles, Complaints, States DOI:

AMBS Complaint <http://www.ieshafter.com/ABMS/Complaint.pdf>

ABMS DOL Lawsuit <https://www.dol.gov/newsroom/releases/ebsa/ebsa20200506>

Medova Healthcare DOL Complaint-2600 health plans in 38 states:

<https://www.dol.gov/newsroom/releases/ebsa/ebsa20201218>

Medova Healthcare DOL sets up independent fiduciary

<https://www.dol.gov/newsroom/releases/ebsa/ebsa20210412>

Aliera Health Sharing Ministry (Kingdom, Sharity):

<https://www.npr.org/2019/11/25/780612410/regulators-allege-christian-based-health-care-provider-broke-state-federal-rules>

<https://www.healthcarediver.com/news/healthcare-sharing-ministry-sham-lawsuit-california-aliera/617130/>

According to authorities in the Texas Department of Insurance, **only 28 cents of every dollar collected went toward members' medical bills.** The larger chunk of 70% went toward "administrative costs."

<https://www.tdi.texas.gov/news/2019/documents/Aliera-First-Amd-Petition-July-2019.pdf>

Medishare was shut down by KY DOI In 2012

<https://www.insurancejournal.com/news/southeast/2012/10/04/265482.htm> and shut down in MT in 2007

<https://missoulacurrent.com/government/2018/10/rosendale-medi-share/>

<https://healthsharingreviews.com/review/medishare-review/>

Christian Care Ministry <https://www.bbb.org/us/fl/melbourne/profile/medical-service-organization/christian-care-ministry-inc-0733-12000835/complaints>

Liberty Healthshare

- <https://www.yelp.com/biz/liberty-healthshare-canton-3>
- <https://www.cantonrep.com/story/news/2021/12/18/liberty-healthshare-sued-members-seeking-repayment/8936384002/>
- <https://www.news5cleveland.com/rebound/warning-about-alternative-health-plan-company-working-on-payments>
- <https://healthsharingreviews.com/review/liberty-healthshare-review/>

Sedera Yes, Sedera has been shut down in other states

<https://vtdigger.org/2019/10/28/officials-warn-against-healthcare-sharing-plans-ahead-of-open-enrollment/>

<https://dfr.vermont.gov/press-release/dfr-orders-unlicensed-entities-cease-and-desist>

<https://dfr.vermont.gov/sites/finreg/files/regbul/dfr-order-docket-19-037-i-vahaca-cease-and-desist.pdf>

Makina/Sedera (precursor to current Sedera)

<https://doi.idaho.gov/wp-content/uploads/DocketIndex/2393.pdf>

<https://www.commerce.alaska.gov/web/Portals/11/Pub/D19-02.pdf>

HCSM what are the risk to markets abstract by the Commonwealth fund

<https://www.commonwealthfund.org/publications/fund-reports/2018/aug/health-care-sharing-ministries>

<https://www.denverpost.com/2015/10/16/colorado-healthop-shut-down-by-state-regulators-amid-cash-reserve-woes/>