Reclaiming Affordability

WINNING THE COST WAR WITH THE RIGHT SOLUTIONS

Health Coverage Options

IndependentWomen®

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Introduction

Health care is the **fifth-highest** budget item for families. Rising premiums cause workers' wages to **stagnate** while out-of-pocket expenses continue to **increase** each year. Throw in the fact that medical costs **increase faster** than overall consumer prices, and health care starts to feel like a large financial burden. One contributing factor is that patients lack leverage to ensure that the healthcare system serves their needs and preferences. We are limited to employer-offered plans, in-network providers, and facilities, and struggle to plan for medical expenses without transparent pricing. System-wide reforms must be implemented to start bringing down costs, but families do not have to wait until then to find much more affordable health care. There are alternative health coverage options that offer transparent, patient-centered care that is not only much more affordable but also provides great access to quality care. They have been around for decades and are growing in popularity as families find ways to get the care they need without sacrificing their other budget items.

Background: *How We Got Here*

Historically, and through the early 20th century, health care was something most people paid for when needed. In 1930, **just 2%** of the U.S. population had some kind of private health insurance or pre-arranged payment plan. But this changed in 1942 when the federal government **froze wages** in an attempt to stabilize the economy during World War II. Employers started offering other benefits to attract and maintain their workforce, including health insurance, and by 1950, **51% of Americans** had health insurance.

Over the following decades, insurance gradually expanded from catastrophic coverage to covering nearly every routine medical interaction. States began implementing **coverage**

mandates in the 1970s, requiring insurance to cover certain treatments or populations to operate in the state. The number of these state-mandated benefits had risen to 2,271 by 2012. To contain costs, the use of health management organizations (HMOs) and other managed care models exploded in the 1980s, but did not translate into lower prices for consumers. Instead, this created more administrative complexity and frustration with mechanisms such as prior authorization and network contracts.

The Affordable Care Act added another layer by requiring plans to fit four standardized designs and to cover ten essential health benefits, regardless of whether families needed them. It also severely limited the use of medical underwriting, a policy where premiums can vary based on health status, medical history, or age. While this has expanded coverage, it has also significantly increased premiums and deductibles.

Families are wondering how they can realistically fit health care into their budget. Fortunately, options exist outside the highly regulated insurance market, offering greater options and flexibility to find coverage that fits one's personal budget and needs.

Middle-class families who do not qualify for federal subsidies have always felt these rising costs. But with the end of temporary enhanced subsidies, the pitfalls of our insurance market can no longer be hidden. Families are wondering how they can realistically fit health care into their budget. Fortunately, options exist outside the highly regulated insurance market, offering greater options and flexibility to find coverage that fits one's personal budget and needs. Below are just a few options that families could benefit from right now, and that the federal and state governments can take action to protect and expand.

Affordable Care Options Moving Forward

Direct Primary Care (DPC)

DPC is a cash-only membership model of primary care. Patients pay a "subscription" fee that varies by clinic, but typically ranges from $50 to $100 a month for adults. Benefits generally include unlimited same- or next-day appointments, text communication with your doctor, and a wide variety of primary care services provided during visits—from physicals and labs, to chronic disease management and minor procedures. DPCs tend

to offer additional services such as prescription medications and advanced tests at transparent, wholesale prices. DPC clinics have a **much smaller patient panel**, allowing them to focus on providing the best care for each patient. Appointments last **30 to 60 minutes** with a DPC doctor, compared to 15 to 20 minutes with a regular primary care doctor. A DPC membership provides most of your healthcare needs, from the common cold and flu to treating minor burns and stitches, replacing the need to visit urgent care or the ER in many cases. However, it does not cover severe emergencies or hospital stays. Emergency health coverage is not required to have a DPC membership, but it is always recommended. If one needs to see a specialist, the DPC doctor will coordinate everything with the specialist of your choice—no prior authorization or looking for what is in the network. DPC doctors often negotiate cash prices with specialists to ensure it's a good price, and will coordinate the entire process to preserve continuity of care. DPC works well for anyone who wants a strong personal relationship with their doctor to achieve health goals, although an individual with many or severe health issues might not be accepted as a patient. There are currently almost 2,900 DPC clinics around the country, with a target of 600 patients, on average. The market has great **potential to grow** as doctors and patients look for better health delivery experiences. The monthly memberships are **now HSA-eligible expenses**, which was a barrier to their broader adoption.

NIKKI'S STORY

Nikki, a patient at Ark Family Health DPC in Phoenix, AZ, was experiencing severe leg pain after returning from a trip. Before going to the emergency room, she called her doctor, and he answered despite it being after hours. The doctor sent a stenographer to her home within an hour to perform a mobile ultrasound on her leg. The doctor was able to tell her quickly that she did not have to go to the ER and scheduled her to come in the next day to address her pain in the clinic. The services were included in her DPC membership, so she did not pay anything out of pocket and was able to avoid an expensive visit to the ER. Nikki later said, "This was one of the best health care experiences I've ever had."

Farm Bureau Plans

Each state and Puerto Rico has a Farm Bureau, which is a membership organization that advocates for the agriculture industry. There are benefits to becoming a member, and in 11 states (Tennessee, Missouri, Ohio, Nebraska, Texas, North Dakota, South Dakota,

Kansas, Michigan, Indiana, and Alabama), that includes a **range of health plans** for individuals, families, and small businesses. Tennessee was the first state to allow its Farm Bureau to offer this benefit in 1993, and plans offer benefits such as prescription drug coverage, telehealth, and no lifetime limits. Anyone can become a member of their state's Farm Bureau for a low membership fee—just **$30 annually** per family in Tennessee—and the health plans are much cheaper than comparable plans on the ACA marketplace. For example, Farm Bureau plans are typically **30-40%** cheaper in Ohio, and as much **as 60%** cheaper in Kansas. Not only are these a more affordable option for those who have **just one or two plan options** on the ACA marketplace, but it is projected that four in five people who sign are **otherwise uninsured**. This is also a generally great option for individuals and families with low health risks looking for affordable coverage.

Short-Term Limited-Duration Insurance (STLDI)

STLDI plans are real insurance plans that are contractually bound to pay for the benefits they agree to cover. They differ from plans on the ACA marketplace in that they can have limitations on pre-existing conditions. They are still considered comprehensive, however, and often can be up to **60% cheaper** than the lowest Bronze plan on the ACA. There is no enrollment period, making them a great option for those who need to find health coverage outside open or special enrollment periods. From 1996 to 2016, STLDI plans were allowed to last for one year and be renewed twice for a maximum of three years. This changed in 2016 when the Obama administration shortened them to **just three months** with no renewals, so they could no longer compete with ACA plans. The Trump administration reversed that in 2018, restoring them to one-year plans and renewable for up to **three years**. Finally, in 2024, the Biden administration **changed it back** to three months and renewable for just one extra month. Although these currently offer just four months of coverage, the Trump administration may extend their duration once again. There is also legislation that could make their extended timeline permanent, protecting this option for consumers.

LEARN MORE ABOUT THESE OPTIONS FOR YOURSELF AND YOUR FAMILY

- To see if there is a Direct Primary Care practice near you, visit **this website.**
- See if your state offers Farm Bureau plans and learn more about them **here**.
- Learn more about Short-Term Limited-Duration Insurance options and what to consider when looking for plans **here**, and you can request a comparison of available options **here**.

Misperceptions *vs.* Facts

MISPERCEPTION: Direct Primary Care only works for healthy people.

FACT: DPC offers proactive management of **many chronic conditions**, and patients with regular medical needs stand to benefit greatly from unlimited appointments at no extra cost, longer visits, and direct communication with their doctor. That being said, patients with multiple or highly complex conditions and very high utilization might exceed the typical scope of some DPC practices and require more resource-intensive models, such as concierge care.

MISPERCEPTION: Farm Bureau Health Plans are only for farmers or those who live in rural areas.

FACT: Anyone can become a Farm Bureau member as long as they agree to support their mission, and the plans are available statewide.

MISPERCEPTION: Short-Term Limited-Duration Insurance plans are "junk" plans that are harmful to consumers

FACT: The Congressional Budget Office has stated that STLDI meets its **definition of private medical insurance**, which is "a comprehensive major medical policy" that covers high-cost medical events and services provided by physicians and hospitals.

State Policies to Support Health Coverage Options

- **Exempt DPC From Insurance Regulations:** As of 2024, **33 states** have passed legislation to ensure DPC is not classified or regulated as insurance. This protects the DPC model as a simple fee-for-service contract that is not required to add insurance-like features that would threaten the affordability, innovation, and growth of the model—such as mandated benefits or submitted rate filings. The DPC Coalition offers **model state legislation** to achieve this.
- **Allow Farm Bureau Plans**: **Only 11 states** currently allow Farm Bureau health plans; more can do the same through legislation. **Ohio** and **Missouri** were the most recent states to sign bills into law in 2025, and a bill was also introduced in **Wisconsin** in 2025 that has stalled. States might also follow the lead of Kansas, which allowed any "trade, merchant, retail, or professional association or business league," in addition to the Farm Bureau, to offer similar health plans to their members when it passed **legislation in 2019**, further expanding this successful model of health coverage.
- **Remove Restrictions to STLDI Plans:** STLDI plans are not available in **14 states** and Washington, D.C., due to direct prohibitions or strict regulations that

prevent them from operating. STLDI plans provide comprehensive coverage, are a great option for many, and should be made available to everyone who might prefer it. States can also regulate the duration of STLDI plans within the scope of federal regulation, meaning they can make them shorter than the federal maximum. If the federal government extends the duration of STLDI plans again through regulation or legislation, states should review their own rules so that they default to the federal standard.

Federal Level Policies to Support Health Coverage Options

- **Medicaid Primary Care Improvement Act (H.R.1162):** The **Medicaid Primary Care Improvement Act** is bipartisan legislation that would encourage the use of DPC arrangements in Medicaid programs. Introduced in February of 2025, this would clarify that there are no federal barriers to states allowing DPC arrangements for their Medicaid programs and provide guidance on how DPCs could be implemented. This not only allows a pathway for low-income patients to receive unlimited, continuous primary care to manage and improve their health, but it could also be more cost-effective for the state to pay low monthly rates, prevent emergency room use, and prevent worse health outcomes that would be more costly in the future.
- **Restoring STLDI Plans Through Legislation:** With federal regulations changing three times in the last ten years, there is confusion and uncertainty about the availability of STLDI plans. Rather than causing regulatory whiplash with each new administration, Congress should pass legislation that permanently restores the maximum duration of STLDI plans to three years, as it was for decades before the ACA. The **Healthcare Freedom and Choice Act**, introduced in January of 2025, would reinstate and codify the Trump-era rules for STLDI and protect this health coverage option for Americans who would benefit from these plans.

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