

# GAO Highlights

Highlights of [GAO-23-106034](#), a report to congressional requesters

## Why GAO Did This Study

Alternatives to health insurance—including Farm Bureau health plans, HCISM memberships, and fixed indemnity plans—are generally not required to report information to federal regulators. Policymakers thus lack a clear understanding of how these plans and memberships operate, their role in the insurance market, and the scope of their potential effects on individual consumers and workforces.

GAO was asked to review plan features, enrollment, and marketing associated with alternatives to health insurance. This report describes, among other issues, the features of selected Farm Bureau health plans, HCISM memberships, and fixed indemnity plans and the marketing practices used by sellers of the selected plans and memberships.

For this report, GAO reviewed documentation for nine plans and memberships selected for diversity in features and sellers. GAO also interviewed eight of the nine sellers of these plans and memberships and 23 stakeholders and stakeholder groups. These stakeholders included seven state departments of insurance and eight national organizations, including the National Association of Insurance Commissioners. GAO also reviewed documents detailing marketing practices associated with alternatives to health insurance.

View [GAO-23-106034](#). For more information, contact John E. Dicken at (202) 512-7114 or [dickenj@gao.gov](mailto:dickenj@gao.gov).

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## PRIVATE HEALTH COVERAGE

### Information on Farm Bureau Health Plans, Health Care Sharing Ministries, and Fixed Indemnity Plans

## What GAO Found

States are the primary regulators of health insurance plans, which are also subject to certain federal standards and minimum requirements, including those established by the Patient Protection and Affordable Care Act (PPACA). Certain types of health coverage arrangements (referred to as alternatives to health insurance) are generally not subject to these federal and state requirements for health insurance. Alternatives to health insurance include:

- Farm Bureau health plans—plans sold in six states to members of Farm Bureaus.
- Health care sharing ministry (HCISM) memberships—memberships in organizations whose members agree to live by a statement of beliefs or ethics and contribute monthly to pay for the medical costs of other members.
- Fixed indemnity plans—plans that pay a fixed dollar amount on a per-period or per-incident basis. Certain plans may resemble the design of a health insurance plan, such as providing separate payment amounts for a variety of medical services.

GAO found that the benefits and other features of nine selected health plans and memberships varied, and state insurance officials stated that these plans tend to contain few consumer protections. These plans and memberships generally are not required to adhere to the requirements and consumer protections imposed by PPACA on individual health insurance plans, such as the requirement to cover the 10 essential health benefits. GAO's analysis of documentation for these health plans and memberships found that they all included some coverage for hospital services and office visits for illness or injury, while coverage varied for routine examinations, prescription drugs and other types of services. While all of the plans and memberships reviewed disclosed that they are not health insurance, officials from four state insurance departments reported that these types of plans contain few, if any, of the consumer protections found in plans that are required to comply with PPACA.

GAO also found that sellers of the selected plans and memberships used a variety of marketing practices. These practices included focusing on factors such as affordability, suitability, choice, and values. For example, marketing materials associated with all nine of the reviewed plans and memberships advertised that they offered lower premiums or monthly contributions than other health coverage options. Further, regulators have identified misleading marketing practices associated with some alternatives to health insurance in recent years. In August 2022, for example, the Federal Trade Commission took action against a health care company for misleadingly selling several health coverage products, including fixed indemnity products. The company agreed to a proposed court order that required it to pay \$100 million in consumer refunds, among other stipulations.

GAO received technical comments on a draft of this report from the Department of Labor and the Department of Health and Human Services and incorporated them as appropriate.