



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

NOTICE

TO: All Admitted Insurers, Accident and Health Agents, and Other Interested Parties

DATE: March 10, 2020

RE: Health Care Sharing Ministries

Health Care Sharing Ministries (“HCSMs”) are organizations in which members often share a common set of religious or ethical beliefs and agree to make payments to, or share, the medical expenses of other members. HCSMs operate either by matching paying members with those who need funds for medical expenses or “sharing” health costs on a voluntary basis. HCSMs may present coverage in ways that look and feel similar to health insurance, but claim to offer an “alternative” to health insurance. HCSMs often cost less than health insurance. However, before you sign consumers up for an HCSM, there are some things you should know:

- HCSMs don’t guarantee payment of claims. That means that while they may share funds with members who have health needs, they are not legally required to do so.
- HCSMs usually cap what they will pay. This means that even if an HCSM will cover your treatment, the HCSM may stop paying once the treatment costs exceed a certain dollar amount, leaving you with the bill.
- Most HCSMs claim they are not insurance and are therefore exempt from state law. This is untrue. To the extent HCSMs are transacting insurance they fall under the jurisdiction of the Department of Insurance and must have a valid license in order to do business in California. Whether a particular medical service will be covered is completely up to the Sharing Ministry and what is covered can change at any time without prior notice. Most HCSMs do not comply with the consumer protections of the federal Affordable Care Act (ACA), like covering treatments for pre-existing conditions or capping out-of-pocket costs. If care or treatment is not covered, insureds cannot appeal for an independent medical review overseen by the State of California
- HCSMs usually don't have provider networks, so members may be charged full price by doctors and hospitals, rather than the lower negotiated rates charged to consumers who have insurance coverage.
- HCSMs may provide value to some, but they pose a risk to others because they often provide limited benefits.
- Under certain circumstances membership in a health care sharing ministry exempts members from the state individual health insurance mandate, but only if the ministry meets a specific a definition found in the Affordable Care Act (ACA). Many HCSMs do NOT meet this definition and therefore membership does not exempt individuals from the state or federal mandate.

- If individuals are enrolled in a HCSM that does not meet the state or federal definition they must enroll in health insurance coverage or they may be subject to the state health insurance penalty for failure to have health insurance coverage.
- Individuals may be eligible for a special enrollment period through Covered California. More information can be found here: <https://www.coveredca.com/individuals-and-families/getting-covered/special-enrollment/>

Additionally, as Insurance Producers, you must ensure that you have explained the limitations of this type of product to the consumer to avoid misleading consumers about the product they are purchasing. Any misrepresentation or misleading information provided to consumers may be violations of the Insurance Code and subject your license to disciplinary action.

Commissioner's News Release: [Department Issues Cease and Desist Order to Protect California Consumers from Misleading Health Plans Known as 'Health Care Sharing Ministries](#)