Health Care Sharing Ministries Should Not Be Subject to State Insurance Code Regulations

THE ISSUE: Participants of health care sharing ministries financially assist fellow participants with large medical expenses providing a result usually provided by health insurance. Due to their voluntary and ministerial nature, these ministries should be recognized in the insurance code as ministries and not as health insurance companies.

HEALTH CARE SHARING MINISTRIES DEFINED: A health care sharing ministry (HCSM) is a health-care cost-sharing arrangement among persons of similar and sincerely held beliefs, administered by a not-for-profit religious organization. Those sharing through HCSMs are called participants. The money sent by participants to other participants to help pay for their medical expenses is called a share. The sharing is accomplished through participants' monthly gifts directed to families in financial distress and not to an insurance reserve fund. In addition to addressing the financial needs of those facing health challenges, HCSMs also seek to help meet spiritual and emotional needs as a part of the sense of community which exists among participants.

- HCSMs take no government funding or grants.
- HCSMs are NOT insurance.
  - HCSMs do not assume any risk or guarantee any payment of medical bills. Twenty-one states have already exempted HCSMs from their insurance codes: AL, AZ, FL, GA, IL, IN, IA, KS, KY, ME, MD, MO, NH, NC, OK, PA, SD, UT, VA, WA, and WI (as of June 2012)
  - HCSMs engage in voluntary cooperative sharing without a contractual transfer of risk.
  - In *Barberton Rescue Mission v. Insurance Division of the Iowa Dept of Commerce* 586 N.W.2d 352 (Iowa S. Ct. 1998), the Iowa State Supreme Court affirmed that HCSMs are not insurance.
- HCSMs represent more than 150,000 individuals in all fifty states and internationally.
- HCSMs share more than 125 million dollars per year for health care costs.

The Alliance of Health Care Sharing Ministries represents the largest HCSMs in the nation.

PROBLEM: Overzealous insurance regulators occasionally attempt to subject HCSMs to the same requirements as insurance companies. It is impossible to meet such standards without destroying the voluntary, ministerial nature of these ministries. Fighting the regulators in court is extremely expensive and strains the finances of the HCSM participants who are already a financially stressed segment of the population. The uncertainty created by such litigation can also harm the functioning of the ministry.

THE SOLUTION: HCSMs are under the oversight and general regulation of both the Internal Revenue Service and the State's Attorney General's offices since they are 501(c)(3) charities. They should not be subject to the additional requirements of the state insurance code, which should specifically recognize HCSMs as ministries and not insurance.

REQUEST: HCSMs request that a state explicitly recognize that "health care sharing ministries" are not insurance, and thus seek an **exemption from the insurance code.** Since HCSMs engage in voluntary sharing and not a contractual transfer of risk, they are not insurance. The public good would be served by explicitly acknowledging this through a specific exemption in the state's insurance code to avoid uncertainty and an unnecessary waste of legal expenses.

For more information, please contact the Alliance at the address below or by email at info@healthcaresharing.org.

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