

HEALTH CARE SHARING MINISTRIES: FAQs for Agents

What are Health Care Sharing Ministries (“HCSMs”)?

HCSMs are not health insurance. HCSMs are nonprofit organizations that facilitate the “sharing” of medical expenses between members and do not guarantee payment of a member’s health care expenses. HCSMs that meet the statutory requirements under § 38.2-6300 of the Code of Virginia are exempt from state regulation.

However, HCSMs may market their products in ways that look and feel similar to health insurance. Some HCSMs may be in fact conducting the business of insurance as an unlicensed entity in violation of Virginia law.

Are HCSMs required to comply with the consumer protections in the Affordable Care Act (“ACA”)?

No. HCSMs are not required to comply with the consumer protections in the ACA or other state and federal law. HCSMs typically exclude more medical services than traditional health insurers. For instance, most HCSMs do not cover pre-existing conditions and do not cap your out-of-pocket costs. In addition, member claims can be rejected on a moral ground, and many HCSMs have no formal appeal process.

How are HCSMs marketed to “look like” ACA-compliant plans?

Many HCSMs sell plans categorized by different benefits and cost-sharing structures and require members to pay a monthly payment (often referred to as a “share amount” or “annual household portion”). HCSMs may compare their plans with health insurance by advertising their product as a “replacement” or “alternative” to traditional insurance, and by suggesting that consumers can rely on HCSMs for financial protection. While HCSMs may provide value to some, they pose risk to others. HCSMs do not guarantee payment of claims, which could leave consumers with significant medical bills to pay.

Why do agents need to know this information?

Agents that wish to offer these plans should ensure that they understand the limitations of HCSM plans and be able to explain these limitations to consumers to avoid misleading them about the product they are purchasing. Agents must also pass through a legally-required HCSM disclaimer to consumers as set forth in [§ 38.2-6300 \(6\)](#).¹ Any misrepresentation or misleading information provided to consumers may be a violation of Virginia’s insurance code and subject your license to disciplinary action.

For more information, please contact the Bureau of Insurance at 1-877-310-6560.

¹ HCSMs must provide in substance the following written disclaimer on or accompanying all promotional documents distributed by or on behalf of the organization, including applications and guideline materials: *Notice: This publication is not insurance, and is not offered through an insurance company. Whether anyone chooses to assist you with your medical bills will be totally voluntary, as no other member will be compelled by law to contribute toward your medical bills. As such, this publication should never be considered to be insurance. Whether you receive any payments for medical expenses and whether or not this publication continues to operate, you are always personally responsible for the payment of your own medical bills.*