

Exchange Applicants and Short-Term Limited Duration Insurance – What's Your Role?

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Disclaimer

The information provided in this presentation is intended only as a general informal summary of technical legal standards. It is not intended to take the place of the statutes, regulations, and formal policy guidance that it is based upon. This presentation summarizes current policy and operations as of the date it was presented. Links to certain source documents have been provided for your reference. We encourage audience members to refer to the applicable statutes, regulations, and other interpretive materials for complete and current information about the requirements that apply to them.

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What is Short-Term, Limited-Duration Insurance?

- Short-term, limited-duration insurance (STLDI) coverage is designed to fill gaps in coverage that may occur when an individual is transitioning from one plan or coverage to another plan or coverage, such as an individual who is between jobs.
- On August 1, 2018, the Departments of Health & Human Services, Labor, and Treasury issued a [final rule](#) that changes the federal definition of STLDI to permit a maximum duration of STLDI coverage from any period **less than 3 months** to any period **less than 12 months**.
- The rule allows STLDI policies that:
 - Are less than 12 months;
 - Contain important language to help consumers understand the coverage they are getting; and
 - May be renewed for up to 36 months.
- States can regulate STLDI in ways that are more restrictive than the federal standards (e.g., shorter initial contract period; shorter renewal period; additional disclosure language).

As an agent or broker assisting Marketplace consumers, it is important for you to know about STLDI – and how it differs from Marketplace coverage – so you can make sure you are helping consumers select the coverage they are looking for.

STLDI Consumer Notice Requirement

STLDI issuers must display prominently in the insurance contract, and in any application materials provided in connection with enrollment, a consumer notice explaining the policy that they are purchasing.

CONSUMER NOTICE:

This coverage is not required to comply with certain federal market requirements for health insurance, principally those contained in the Affordable Care Act. Be sure to check your policy carefully to make sure you are aware of any exclusions or limitations regarding coverage of preexisting conditions or health benefits (such as hospitalization, emergency services, maternity care, preventive care, prescription drugs, and mental health and substance use disorder services). Your policy might also have lifetime and/or annual dollar limits on health benefits. If this coverage expires or you lose eligibility for this coverage, you might have to wait until an open enrollment period to get other health insurance coverage.

Some Key Differences Between STLDI and Marketplace Coverage

	Short-Term Limited Duration Insurance Plans	Marketplace Qualified Health Plans
Prohibition on coverage limitations or exclusions based on pre-existing conditions*	No	Yes
Required coverage of essential health benefits*	No	Yes
Prohibition on annual dollar limits on plan payments*	No	Yes
Guaranteed availability*	No	Yes
Guaranteed renewability	No	Yes
Rating restrictions*	No	Yes

** States can regulate STLDI in these areas in different ways than the federal definition. Check state requirements for details.*

- STLDI plans are generally **not** required to comply with Affordable Care Act provisions that apply to individual health coverage plans.
- STLDI coverage cannot be sold on the Marketplace and is **not** considered to be Marketplace coverage.
- Consumers **cannot** receive advance payments of the premium tax credit (APTC) to pay for STLDI premiums and are not eligible for cost-sharing reductions for STLDI coverage.

Guidance to Marketplace Agents and Brokers

- As a Marketplace-registered agent or broker, you should be aware that STLDI coverage is **not** subject to the federal requirements on individual health insurance coverage that is sold on the Marketplace.
- Consumers who are referred from HealthCare.gov (including from Navigators or assisters) or who are coming to you for Marketplace enrollment assistance are looking for Marketplace qualified health plans and/or other insurance affordability coverage, including Medicaid and the Children's Health Insurance Program, and should be directed to those—**not** STLDI plans.

Acronym Definitions

Acronym	Definition
APTC	Advance Payments of the Premium Tax Credit
STLDI	Short-Term, Limited-Duration Insurance

Additional Resources

For additional information about the Marketplace Agent and Broker Program, please visit <http://go.cms.gov/CCIOAB>