

Short-Term Limited-Duration Insurance

Cross References

- TD 9990, April 3, 2024

The IRS and the Department of Health and Human Services has released final regulations on Short-Term, Limited-Duration Insurance (STLDI). Under the Affordable Care Act (ACA) of 2010, health insurance coverage is generally subject to market consumer protections and requirements, such as the prohibition of preexisting condition exclusions and the prohibition on lifetime and annual dollar limits on essential health benefits.

STLDI is a type of health insurance coverage sold by health insurance issuers that typically fills temporary gaps in coverage that may occur when an individual is transitioning from one plan or coverage to another, such as transitioning between health coverage offered by one employer to health coverage offered by another employer. STLDI is not individual health insurance coverage that is subject to the ACA and thus, it is exempt from the federal individual market consumer protections and requirements for comprehensive coverage.

On January 21, 2021, the President issued an Executive Order which directed the Secretaries of Labor and Health and Human Services to consider any barriers that have restricted access to preventive measures, treatment, and other health services for populations at high risk for COVID-19 infection, and modify policies to advance equity. Consistent with the Executive Order, final regulations have been issued related to STLDI policies.

The final regulations limit the duration of STLDI policies to no more than three months after the original effective date of the policy, and after taking into account any renewals or extensions, has a duration no longer than four months in total.

The final regulations also require that STLDI issuers display a notice on the first page of the policy with the following information:

- This is a short-term, limited-duration policy, not comprehensive coverage.
- This is a temporary limited policy that has fewer benefits and federal protections than other types of health insurance options, like those on HealthCare.gov.
- This policy might not cover you due to preexisting health conditions like diabetes, cancer, stroke, arthritis, heart disease, mental health and substance use disorders.
- This policy might not cover things like prescription drugs, preventive screenings, maternity care, emergency services, hospitalization, pediatric care, physical therapy and more.
- This policy might have no limit on what you pay out-of-pocket for care.
- You won't qualify for federal financial help to pay premiums and out-of-pocket costs under this policy.
- This policy doesn't have to meet federal standards for comprehensive health coverage.

The final regulations also require the policy to provide contact information for comprehensive health insurance, such as providing a link to HealthCare.gov. These final rules apply to new STLDI policies sold or issued on or after September 1, 2024.