



Short-Term Limited Duration Medical Plan Rule

*Commissioner's Health Policy Roundtable
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OFFICE of the
**INSURANCE
COMMISSIONER**
WASHINGTON STATE

What is Short-term Limited Duration Coverage?

Short-term limited duration (STLD) health insurance is exempt from the definition of “individual health insurance” under the Affordable Care Act (ACA). Because of that exemption, many ACA health insurance provisions do not apply to that coverage, including:

- Guaranteed issue is not required
- Preexisting condition exclusions are allowed
- Essential health benefits are not required
- Annual and lifetime dollar limits are allowed
- Preventive services without cost-sharing are not required
- No minimum medical loss ratio STLD plans

Federal Rulemaking

- In October 2016, federal rules were adopted that define short-term limited duration insurance.
- 45 CFR 144.103 specifies that short-term limited duration insurance cannot provide coverage for more than three months (including any renewal period).
- The OIC implemented that federal rule when it was adopted and continues to follow that policy.

Federal Rulemaking

- On February 21, 2018, the federal government published a proposed rule that would expand the duration of short-term limited duration insurance to a period of less than twelve months, i.e. up to 364 days, subject to state law that could be more restrictive than the federal standard.
- Comments on the proposed rule were due on April 23, 2018. Thousands of comments were filed.
- A final rule has not yet been published.
- [Federal Register :: Short-Term, Limited-Duration Insurance](#)

Washington state law

- Under current state law, short-term limited duration insurance coverage is also excepted from the definition of “health plan”.
- The Commissioner will review a request for an insurance plan to be classified as “short-term limited duration” and the plan must be approved by the Commissioner in order to be sold in Washington.
- RCW 48.43.005 (26)(l).

Stakeholder Draft

- Short-term limited duration (STLD) medical plan:
 - Must provide major medical coverage
 - Limit any pre-existing condition look-back period to 24 months
 - Duration: 3 month maximum (current federal rule)
 - Non-renewable
 - Carrier cannot issue a STLD medical plan if it would result in consumer being covered for more than 3 months in a year.
 - Carrier cannot issue STLD medical plan during open enrollment for coverage beginning the next year.

Stakeholder Draft

- Requires disclosure to ensure consumers understand:
 - Available options to purchase ACA-compliant coverage
 - Terms of the STLD medical plan, including :
 - Pre-existing condition exclusions
 - Covered services and limits/restrictions on those services
 - Cost-sharing, including risk of balance billing
 - Maximum amount the plan will pay
- Consumer must sign to acknowledge review of the disclosure form.

Stakeholder Draft

- OIC approval required for STLD medical plan:
 - Form/description of plan
 - Consumer application
 - Required disclosure form
 - Rates
- STLD medical plan cannot be issued or sold without prior approval by OIC

Stakeholder Draft

- STLD medical plan cannot be cancelled, except for nonpayment of premium or cost-sharing due to carrier, fraud, or material breach by consumer.
- STLD medical plan cannot be rescinded, except for nonpayment of premium or consumer fraud.

Your input is important

- Comments on stakeholder draft due June 26.
- Comments can be submitted through our website for this rule: [Short-term medical plans \(R 2018-01\)](#) | [Washington State Office of the Insurance Commissioner](#)

Questions?

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