

Short-term limited duration medical plan rulemaking

Stakeholder draft | June 12, 2018

Comments due to OIC by June 26, 2018

WAC 284-43-XXX

Definition of short-term limited duration plan

(1) “Short -Term Limited Duration Medical Plan” means a policy, contract or agreement issued by a health carrier that:

(a) Provides major medical coverage as defined in WAC 284-50-350;

(b) Limits the look- back period for any pre-existing medical condition, illness or injury to no more than twenty-four months prior to the date of application for the medical plan, if coverage of pre-existing conditions is excluded; and

(c) Has an expiration date specified in the policy, contract or agreement (taking into account any extensions that may be elected by the member without the carrier’s consent) that is less than three months after the original effective date of the policy, contract or agreement.

(2) A short- term limited duration medical plan shall be nonrenewable. A carrier shall not issue a short-term limited duration medical plan to any person if the issuance would result in the person being covered by a short-term limited duration medical plan for more than three months in any twelve-month period.

(3) A carrier must not issue a short-term limited duration medical plan for coverage beginning in the upcoming year during an annual open enrollment period, as defined in WAC 284-43-1080.

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Standard disclosure form for short-term limited duration medical plans.

(1) For short-term limited duration medical plans issued on or after January 1, 2019, all carriers offering a short- term limited duration medical plan must issue a disclosure form for each short-term limited duration health plan in the same format and with the same content as the standard disclosure form included in this section. The disclosure form must be provided to the person at the time of completion of the medical plan application.

(2) Every carrier must have a mechanism in place to verify delivery of the disclosure form to the applicant and obtain the applicant’s signed acknowledgment of receipt of the form. The carrier must retain each signed disclosure form for five years. The forms must be available for review by the commissioner upon request.

(3) The type size and font of the disclosure form must be easily read and be no smaller than 14 point.

(4) The disclosure form must not be used until it has been filed with and approved by the commissioner.

(5) The standard disclosure form must include, at a minimum, the following information and must be presented in the following format:

(Carrier's name and address)

**IMPORTANT INFORMATION ABOUT THE
LIMITS OF THE COVERAGE
YOU ARE BEING OFFERED**

Save this document! It may be important to you in the future. The Washington state Office of the Insurance Commissioner requires that we give you the following information about this short-term limited duration medical plan.

CAUTION: This plan may not cover any medical or behavioral health condition you have or have had before enrolling in this plan.

It provides limited benefits, is temporary, and may not cover your costs for most hospital or other medical services, or some essential health benefits.

Before enrolling, check to see if you can buy a health plan through Washington State's Exchange, at www.wahealthplanfinder.org or 1-855-923-4633. If so, you could get help lowering your premium. Health plans sold through the Exchange provide more coverage and protections. If you missed the annual open enrollment period, see if you qualify for a special enrollment period here: www.insurance.wa.gov/when-can-i-buy-individual-health-plan

This medical plan is not a Medicare supplement plan.

This disclosure form is not a complete description of this medical plan. To understand what is and isn't covered, please read your plan. The plan will include information about your rights and the company's responsibilities.

Short-Term Limited Duration Medical Plan Disclosure

Below is a summary of the key benefits provided by this short-term limited duration medical plan:

Type of coverage: Short-term limited duration medical plan

How long does coverage last? (*Insert the expiration date of the contract*)

Does this policy cover pre-existing conditions? (“Yes” or “No, it limits/excludes coverage for medical or behavioral health conditions you currently have or have had in the 24 months prior to effective date of your coverage. See policy for details.”).

Who is NOT eligible for coverage? (*List all excluded categories, e.g. over a certain age, Medicare/Medicaid eligible, pregnant women, those with certain pre-existing conditions, etc.*)

Can the policy be renewed? No

What benefits are covered and what is the financial responsibility of the member? (*For each benefit listed below, if not covered, list “Not covered”. If covered, list applicable cost-sharing, including whether or not the deductible applies, the member’s percentage of coinsurance, copayment, any quantitative treatment limitations and any cap on the amount the policy will pay for the service.*

Examples include: “Covered after deductible, \$45 copay plus 20% coinsurance, limited to only \$1,000 of coverage”; “Covered without deductible, \$50 coinsurance, limited to 30 visits total or per year”; “Covered after deductible, limited to treatment of involuntary complications of pregnancy”)

- **Deductible:** \$_____ (*If there is more than one deductible, list each deductible with a description of the services to which it applies.*)
- **Plan coinsurance (amount member must pay per service)** _____% (*Must be expressed in terms of the percentage to be paid by the member. If coinsurance applies up to a maximum amount, provide that information here. Example: “This policy has a 50% coinsurance up to \$10,000, after which benefits are paid at 100%”.*)
- **The maximum amount a member will pay out-of-pocket for cost-sharing for the term of the plan:** \$_____ (*If there is no out-of-pocket maximum, clearly state that there is no limit on the amount a consumer will have to pay for out-of-pocket cost-sharing.*)

- **The maximum dollar amount this plan will pay:** \$_____ (*Also include lifetime limit, if applicable. Example: “\$100,000 under this plan; lifetime limit of \$1 Million”*)
- **Emergency Room Services:**
- **Inpatient Hospital Services:**
- **Outpatient Hospital Services:**
- **Services at an Urgent Care Facility:**
- **Primary Care Visit to Treat an Injury or Illness:**
- **Specialist Visit:**
- **Mental Health Outpatient Services:**
- **Mental Health Inpatient Services:**
- **Substance Use Disorder Outpatient Services:**
- **Substance Use Disorder Inpatient Services:**
- **Imaging (CT/PET Scans, MRIs):**
- **Preventive Care/Screening/Immunization:**
- **Prescription drugs:**
- **Skilled Nursing Facility:**
- **Services in an Ambulatory Surgical Center:**

Does the policy exclude, eliminate, restrict, reduce, limit, or delay coverage for any benefits NOT listed above? (*No or if yes, include details*)

Can a member be charged additional costs for covered services, in addition to their coinsurance or copays? (*If members can be balance billed for any covered service, answer “Yes” and explain when this would occur. You must answer “Yes” for plan designs that do not use a provider network, or that use in-network facilities where not all services may be provided by in-network providers. If other situations apply, include any further explanation about when balance billing is possible.*)

When this plan expires or if you no longer qualify for this plan, you may have to wait until the next open enrollment to buy health insurance. Open enrollment begins November 1 each year for coverage that is effective beginning the upcoming January.

You will need to complete and attest to all medical information you provide when applying for this plan. Your producer (also referred to as insurance agent) is prohibited from filling out any of this information for you.

Consumer acknowledgment:

I have reviewed the content of this disclosure form. The benefits, limitations and costs of this medical plan have been fully explained to me by

_____ [insert name of producer].

Consumer signature: _____

Date: _____

For questions or complaints about this medical plan or the way it was sold to you, call the Washington State Office of the Insurance Commissioner at 1-800-562-6900.

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Commissioner's approval required.

(1) A short -term limited duration medical plan form, application form, or disclosure form shall not be issued, delivered, or used unless it has been filed with and approved in writing by the commissioner.

(2) Rates, or modification of rates, for short- term limited duration medical plans shall not be used until filed with and approved in writing by the commissioner.

(3) The commissioner may disapprove any forms or rates if the benefit provided therein is unreasonable in relation to the premium charged. The commissioner’s order disapproving any such form or rate shall state the grounds therefor.

(4) A form or rate shall not knowingly be issued, delivered, or used if the commissioner's approval does not then exist.

(5) The commissioner may withdraw any such approval at any time for cause. The commissioner’s withdrawal of a previous approval shall state the grounds therefor.

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Short- term limited duration medical plan cancellation and rescission

(1) A short-term limited duration medical plan shall not be cancelled by the carrier during the coverage period except for the following:

- (a) Nonpayment of premium;
- (b) Violation of published policies of the carrier approved by the insurance commissioner;

(c) Failure of a member to pay any deductible or copayment amount owed to the carrier and not the provider of health care services;

(d) Members committing fraudulent acts as to the carrier;

(e) A member's material breach of the medical plan; or

(f) Change or implementation of federal or state laws that no longer permit the continued offering of such coverage.

(2) A short-term limited duration medical plan shall not be rescinded by the carrier during the coverage period except for nonpayment of premium. This section shall not be deemed to affect the right of the carrier to rescind the medical plan as limited and defined in subsections (3) and (4) of this section.

(3) Except as provided in subsection (4) of this section, no oral or written misrepresentation or warranty made in the process of applying for a short-term limited duration medical plan, by the person applying for coverage or on his or her behalf, shall be deemed material or allow the carrier to rescind the medical plan, unless the misrepresentation or warranty is made with the intent to deceive.

(4) In any application for a short-term limited duration medical plan made in writing by a person, all statements in the application by the person shall, in the absence of fraud, be deemed representations and not warranties. The falsity of any such statement shall not bar the right to recovery under the contract unless such false statement was made with actual intent to deceive or unless it materially affected either the acceptance of the risk or the hazard assumed by the carrier.

(5) When cancellation or rescission is for nonpayment of premium, the carrier must notify the member in writing ten days prior to the cancellation or rescission date that his or her short-term limited duration medical plan will be cancelled, unless payment is made prior to the cancellation date. When cancellation is for any other reason allowed under subsection (1), the carrier must notify the member in writing twenty days prior to the cancellation date. The notice must specifically state the reason(s) for the cancellation. The written communications required by this subsection shall be phrased in simple language that is readily understood.

END