PROPOSED RULES EXTEND SHORT-TERM, LIMITED-DURATION INSURANCE

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In response to last October's Executive Order, the Internal Revenue Service, Department of Labor, and Department of Health and Human Services (Departments) jointly issued proposed rules for amending the definition of short-term, limited-duration insurance (STLDI). Under the proposed regulations, the maximum length of STLDI coverage would increase from a maximum period of three months to a maximum period of twelve months. STLDI is a type of health insurance coverage designed to fill temporary gaps in coverage that may occur when an individual transitions from one plan or coverage to another. Although STLDI coverage is not an excepted benefit, it is exempt from certain individual-market requirements, such as annual or lifetime limits on essential health benefits, or the prohibition on pre-existing condition exclusions. These new proposed regulations would undo the prior regulations from 2016 that limited the duration of STLDI coverage to no more than three months. Also under these new proposed regulations, issuers of STLDI insurance would need to include one of two notices on the insurance contract. The new notices would inform individuals purchasing the STLDI contract that the coverage is not required to comply with federal requirements under the Affordable Care Act and that the coverage does not qualify as "minimum essential coverage." The Departments propose that this rule would become effective 60 days after the publication of the final rule.