

# FINAL REGULATIONS ON SHORT-TERM, LIMITED-DURATION INSURANCE ISSUED

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**Practices & Industries**

Employee Benefits

The Internal Revenue Service, Department of Labor, and Department of Health and Human Services (Departments) jointly issued final regulations for amending the definition of short-term, limited-duration insurance (STLDI).

These final regulations are consistent with the proposed regulations issued last February and the Executive Order from October 2017. Under the final regulations, the maximum length of STLDI coverage would increase from a maximum period of three months to a maximum period of just under 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 final regulations undo the 2016 regulations that limited the duration of STLDI coverage to no more than three months. Also under these final regulations, issuers of STLDI insurance would need to include a notice in the insurance contract.

The notice will inform individuals purchasing the STLDI contract that the coverage is not required to comply with federal requirements under the Affordable Care Act. For policies having an effective date prior to January 1, 2019, the notice will also include a statement that the coverage does not qualify as “minimum essential coverage” and that you may be subject to a penalty if you do not have minimum essential coverage for any month in 2018.

The final regulations will become effective 60 days after they are published in the federal register. Final Regulations <https://www.cms.gov/CCIIO/Resources/Files/Downloads/dwnlds/CMS-9924-F-STLDI-Final-Rule.pdf>