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BULLETIN 2026-06

The following Bulletin is to advise the reader of the current position of the Kentucky Department of Insurance on the specified issue.

THIS BULLETIN IS FOR INFORMATIONAL PURPOSES ONLY. IT DOES NOT AMEND OR INTERPRET PROVISIONS OF THE KENTUCKY REVISED STATUTES OR THE KENTUCKY ADMINISTRATIVE REGULATIONS.

DATE: AUGUST 10, 2026

TO: ALL KENTUCKY INSURANCE AGENTS & CONSUMERS

FROM: SHARON P. CLARK, COMMISSIONER

RE: CONSUMER NOTICE REGARDING “SELF-FUNDED,” LIMITED PARTNER HEALTH PLANS SOLD TO INDIVIDUALS

Purpose

The purpose of this bulletin is for the Kentucky Department of Insurance (“Department”) to educate all Kentucky insurance agents and consumers about “self-funded” limited partner health plans (limited partner plans) sold to individuals.

Consumer Notice

The Department cautions Kentucky residents to carefully review any offerings of limited partner plans. Recent sales proposals involve purported “self-funded” health coverage to make people “limited partners” or “part owners” of an employer group when they buy these plans. These plans **do not** provide comprehensive medical coverage and can leave consumers with large, unpaid medical bills.

These plans **are not** required to be compliant with the Affordable Care Act (ACA) and **are not** subject to Department approval. Further, many contend they are exempt from Department regulation under the Employee Retirement Income Security Act of 1974 (ERISA). If that is ultimately determined to be true, these plans would fall outside the Department’s authority. This means it may be more difficult for the Department to protect

consumers in the same manner it can with a fully insured plan. Kentuckians who buy limited partner plans may lack certain consumer protections afforded by the Department and can end up having high, uncovered medical bills.

Be Careful and Proceed with Caution Before Signing Up or Paying Any Premium:

The Department has already received complaints about limited partner plans that have denied medical claims after leading consumers to believe they bought health care coverage like major medical health plans. Limited partner plans embed information about the partnership or ownership within the agreements consumers electronically sign prior to enrolling in the coverage.

Unlicensed groups known to the Department that market limited partner coverage in Kentucky in this way are:

- Affiliated Workers Alliance
- Consumer Data Partners, LP
- Data Miner, LP
- Employers Business Alliance, LLC
- Innovative Partners, LP
- LifeX Research Corp
- Outreach Data Partners, LP
- Population Science Management
- Quick Health LLC
- Socio Buenos, LP
- Strategic Limited Partners
- The Vitamin Patch, LLC

Before providing any personal information or payment to any insurance sales agent, the Department recommends you request the full name of the agent, along with either his or her Department of Insurance Identification Number (DOI ID#) or National Producer Number (NPN).

You may verify the licensure status of any Kentucky-licensed agent by visiting the Department's website and conducting a licensee search, or by contacting the Department's licensing division at Phone (502) 564-6004; Toll Free (800) 595-6053; Fax: 502-564-6030; or Email: DOI.LicensingMail@ky.gov.

Limited Partner Plans Have Limited Coverage and Benefits:

None of the above-listed groups offer major medical health plan coverage. Major medical health plans cover a full range of medical services, including preventative care, office visits, inpatient and outpatient services, prescription drugs, and emergency care. The Department authorizes and regulates true major medical health plans.

Unlike major medical health plans, many limited partner plans only cover preventative services, such as yearly check-ups or annual health screenings. Other limited partner plans limit the number of covered services, such as doctor visits. Some limited partner plans even restrict this already-limited coverage further by not covering preventive services if you received those services in a hospital facility.

While the often comparatively low premium costs are tempting, these types of plans can result in very high out-of-pocket costs because of uncovered medical expenses. Plans that cover only preventative services will not provide benefits for visits beyond an annual physical, medications to treat chronic conditions, or for a hospital stay. As a result, consumers can end up with tens of thousands of dollars in increased medical service costs unexpectedly.

Other Plan Types:

The Department has also become aware of “union” or “association” plans that market themselves as exempt from Kentucky insurance regulation. Although union and association plans may provide ACA-compliant coverage, they are not required to meet all of the ACA requirements. Other association plans are being offered by entities that are not *bona fide* associations, which may result in a high risk of financial insolvency of the underlying plan. Further, not all union or association plans are exempted from state regulation by federal law. It is important to pay close attention to understand the products and benefits before you purchase them.

How to Know if You Have One of These Plans:

To determine if you have purchased coverage through one of these groups, always request and look at the documents carefully. In addition, look at the insurance card if you receive one. The plan may not send a physical card, so consumers should also check their email for an electronic ID card.

While they may be exempt from state insurance regulation, ERISA plans are not advertised or sold directly to consumers. Instead, employers or unions offer ERISA plans directly to their own employees or members. Consumers and employers should ask their agent whether the health coverage they are purchasing is fully insured by a licensed insurer.

Warning signs to look for include:

- Individual health coverage that is not state-licensed.
- An agent who is marketing limited partner plans or other “ERISA plans” directly to individual consumers.
- A salesperson who is not affiliated with your employer and claims they do not need a license because the product is not insurance or is exempt from regulation.

- Health coverage that seems unusually cheap or seems “too good to be true.”
- Individual health coverage that is issued with little to no questions about the applicant’s health condition.
- Minimal or no questions assessment of the risk being insured or underwriting.
- Plan materials that refer to a “stop-loss” insurer.
- Attempts to collect large amount of premium as quickly as possible.
- Delayed or denied claims and excuses for failures to pay or failures to complete requested refunds.

Even though the above signs may not all be present, and the existence of any one of them may not indicate a plan is illegitimate, they are all good indications that you need to look more closely at the product being offered to you, especially if you see a pattern or combination of signs.

Carefully review plans showing any of these signs, ask hard questions, and do your homework before buying. Read all materials available and scrutinize websites carefully. Make sure you receive a benefit booklet with details on your coverage and check that it names a licensed insurer that is fully insuring any individual coverage.

If you are worried you do not have the type of insurance coverage you intended to buy, contact the Department of Insurance as soon as possible. Department staff are available during normal business hours to help you understand the coverage you purchased.

As a reminder, the only way to buy individual health plan coverage in Kentucky is from a licensed agent; through KYNECT, the Health Insurance Exchange; or directly from an authorized insurance company.

Resources:

- List of licensed carriers selling ACA-compliant plans in Kentucky (<https://insurance.ky.gov/ppc/Documents/GroupHealthList2022.pdf>).
- The Kentucky State Health Insurance Exchange Marketplace (<https://kynect.ky.gov>).
- The Kentucky Health Benefit Exchange (<https://khbe.ky.gov>).

Anyone with questions can contact the Department’s Consumer Protection Division:

- Phone (502) 564-6034;
- Toll Free (800) 595-6053 (option 1);
- Fax: (502) 564-6090; or
- Email: DOI.ConsumerComplaints@ky.gov.