

# **CONSUMER ALERT**

## **Short-Term, Limited Duration Health Insurance**

**The Kentucky Department of Insurance permits the sale of short-term, limited duration (STLD) health insurance to Kentuckians. This publication provides responses to frequently asked questions regarding this particular product. It is a general educational resource, and all consumers should refer to their policies, agents, and insurers with specific questions pertaining to their coverage.**

What are STLD plans?

- STLD insurance coverage is designed to fill temporary gaps in health insurance coverage. A consumer might enroll in a short-term plan when they are, for instance, between jobs or otherwise need individual coverage outside of the open enrollment period (and do not qualify for a special enrollment period).
- STLD plans have been available to Kentuckians for many years. They have drawn recent attention due a federal regulatory change extending the maximum term for such plans from 3 months to **less than 12 months**, with potential renewals up to a maximum duration of 36 months.
- STLD plans do not have to comply with the Affordable Care Act's (ACA's) market reforms. STLD insurers can sell plans that:
  - Charge higher premiums based on health status;
  - Exclude coverage for preexisting conditions;
  - Impose annual or lifetime benefit limits;
  - Opt not to cover entire categories of benefits (such as substance use disorder treatment, maternity coverage, or prescription drugs);
  - Rescind coverage; and
  - Require higher out-of-pocket cost-sharing than under the ACA.
- The plans offered may vary widely in terms of benefits and conditions. It is vital for you to thoroughly review your prospective policy to find the plan that best fits your needs.

Who is selling STLD plans in Kentucky?

- Insurers are required to file all plans sold in Kentucky, but not all plans filed are actively sold. The Department does not have a list of companies actively selling plans in Kentucky.
- You can confirm a company's license status in Kentucky through our website (<https://insurance.ky.gov/Company/Default.aspx>) or calling the DOI at 502-564-6034.

Are STLD plans considered Minimum Essential Coverage (MEC)?

- No. STLD plans are not Minimum Essential Coverage.
- Individuals purchasing these plans through December 31, 2018 may be subject to the ACA penalty for failure to maintain minimum essential coverage.

What benefits are covered by an STLD plan?

- STLD plans vary widely in services and products they cover.
- STLD plans must cover benefits required by Kentucky law, but are **not** required to cover federal “essential health benefits” under the ACA.
- When STLD plans include a prescription drug benefit, mental health or substance abuse, you should review any limits to coverage to determine if it fits your needs.
- The Department recommends viewing a variety of plans and decide which benefits are most important for your family.

Are STLD plans required to cover preventative health screenings?

- No. STLD plans are not required to cover any preventative health screenings.
- While not required, some STLD plans may offer preventative health screening benefits. Read all materials carefully to ensure benefits offered match you and your family’s needs.

How long can I keep my STLD plan?

- The initial contract term for an STLD plan must be less than 12 months.
- You may renew the same plan, subject to renewal conditions, for a maximum duration up to 36 months.
- Individuals may have separate policies for more than 36 months.

Can I renew my STLD plan?

- It depends. Federal law allows renewal of the same plan for a maximum duration up to 36 months.
- STLD plans are not guaranteed renewable. This means the insurer does not have to renew the policy. You should check the renewal provisions within the plans for the applicable renewal conditions.

Can I be turned down for a STLD plan?

- Yes. STLD plans are not guaranteed issue.
- STLD plan providers may collect health information during the application process and decline to offer you insurance on the basis of your answers. This **includes** pre-existing health conditions.

Can a STLD plan be cancelled by the insurer during the contract period?

- Yes, but only under certain conditions, including failure to make premium payments in a timely fashion or discovery of a material misrepresentation on the application.

Can I cancel my STLD plan at any time?

- Yes, you may choose to cancel your policy at any time. The plan should have a documented process you must follow to notify them you are cancelling your policy.

Can a STLD plan have waiting periods for certain benefits?

- Yes. STLD plans can have waiting periods, as long as they are established within the contract.

If my STLD is cancelled, can I purchase an Individual Health Plan?

- The loss of STLD coverage does not trigger a Special Enrollment Period allowing you to sign up for an individual qualified health plan outside of the Open Enrollment period. Please refer to [www.healthcare.gov](http://www.healthcare.gov) for information on Special Enrollment Periods.

Where can I purchase STLD plans and am I eligible for premium subsidies?

- STLD plans may be purchased through licensed agents or from licensed insurers directly.
- STLD plans are not available through the Federal Exchange ([www.healthcare.gov](http://www.healthcare.gov)).
- Subsidies, such as Advance Premium Tax Credits (APTC) through the Federal Exchange, are not available and may not be used for premiums for STLD plans.

# **BUYER'S GUIDE:**

## **HELPFUL TIPS ON PURCHASING**

### **SHORT-TERM, LIMITED DURATION HEALTH INSURANCE**

When purchasing any insurance, confirm you are dealing with a company licensed to sell products in Kentucky. Request the Kentucky License Number of the agent and company. Check on our website ([insurance.ky.gov](http://insurance.ky.gov)) or contact us at 502-564-6034 to confirm the licensure status. Both the company offering the insurance and the agent selling the product should be actively licensed.

Use caution when shopping on the internet. Deal with known, trusted, and verified companies and websites. On most websites, the information can be sold or distributed to other companies resulting in frequent calls and/or email. You will never receive spam if you are on a verified government (.gov) website, such as [insurance.ky.gov](http://insurance.ky.gov) or [healthcare.gov](http://healthcare.gov).

All policies sold in Kentucky must contain a "Free Look" period of at least 10 days. Some companies may allow more time. Once you receive the materials, read all information carefully and make sure you understand what benefits are covered and what is not covered. If you have questions, contact the agent to clarify and ask for this information in writing. Understand you are entering into a contract with the insurer and this cannot be modified verbally; if any changes aren't included in the contract, they are not covered. If you decide you do not wish to keep the policy, you may return it to the insurer and the policy is terminated during this period. We suggest returning the policy using certified or other trackable mail service.

Keep copies of all records, emails, marketing material and notes. If you have issues later, refer to your materials and notify the insurer of the issue. You should always work to resolve issues with the insurer first. If you cannot work out the problem, you can then file a complaint with the Department of Insurance.