



SHORT-TERM, LIMITED-DURATION INSURANCE

INFORMATION AND FREQUENTLY ASKED QUESTIONS

Effective October 2, 2018, federal regulations modifying Short-Term, Limited-Duration Insurance (short-term) will allow short-term insurance coverage for longer periods, creating a new health insurance option for consumers. The new policies can be effective beginning October 2, 2018.

Below is a list of frequently asked questions to help consumers evaluate health coverage.

What is short-term, limited-duration insurance?

Short-term insurance was primarily designed to cover short term gaps in coverage. With the return to a longer initial coverage term of “less than 12 months” (no more than 364 days), consumers may determine that it is coverage that will work for their health insurance needs and their pocketbook. Short-term policies are not for everyone, so each consumer should review a short-term policy carefully to determine if the coverage meets their health care needs.

Is the coverage the same as that required by the Affordable Care Act?

No - Short-term insurance coverage is not required to comply with the requirements in the Affordable Care Act (ACA).

Are pre-existing conditions required to be covered under a short-term policy?

No - Pre-existing conditions can be excluded from a short-term policy. This is a condition for which medical advice or treatment was recommended by or received from a provider of health care services within a certain time frame (typically the last 5 years) before the effective date of the coverage.

Insurance companies may provide coverage for a pre-existing condition, but with limitations. **Carefully read the policy, paying close attention to pre-existing conditions and exclusions language.**

Are there other potential coverage limitations?

Yes - In addition to pre-existing conditions there may be exclusions or limitations regarding health benefits (such as hospitalization, emergency services, preventive care, prescription drugs, and mental health and substance use disorder services). Your policy might also have

lifetime and/or annual dollar limits on health benefits and you may also be responsible for co-pay and deductible amounts.

An insurer may ask for a health history and perform underwriting of the policy which could impact the benefits covered, the cost of the policy, or even whether your application is approved.

Will I owe a penalty on my tax return?

Possibly - Short-term coverage is not “minimum essential coverage,” and if utilized for any month in 2018, you may have to make a payment when you file your 2018 tax return, unless you qualify for an exemption. For more information on exemptions see:

<https://www.healthcare.gov/exemptions-tool/#/>
<https://taxpayeradvocate.irs.gov/estimator/isrp/>

NOTE: *a tax penalty is no longer applicable beginning in January 2019.*

Can I renew coverage after the initial “less than 12 months” policy ends?

The new rule establishes a maximum limit of “no longer than 36 months” for a short-term policy. The initial policy would need to include the terms of the renewals or extensions, to allow a term of “no longer than 36 months”.

However, if each policy is a separate contract, (“less than 12 months”), each stands alone and the 36-month maximum does not apply.

A short-term insurance policy is not required to be renewable, meaning that the insurance company does not have to continue your short-term policy or issue you a new policy once the short-term policy ends. If guaranteed availability and renewability of coverage is important to you and your health needs, you may want to purchase health insurance that meets the requirements of the Affordable Care Act.

What if I purchase a short-term policy but it expires, or I am no longer eligible for the coverage, can I obtain coverage that meets the requirements of the Affordable Care Act?

You might have to wait for an open enrollment period to get health insurance coverage. Open enrollment for ACA compliant coverage begins November 1 and closes December 15, 2018, for coverage effective January 1, 2019.

How can I make a comparison of the coverage provided in a short-term policy to coverage provided in an ACA policy?

Ask the insurance company or insurance producer if a proposed policy meets the requirements of the ACA. If it does not, ask how the benefits and cost of the short-term policy compare to an ACA policy, taking into consideration any premium subsidies you may be eligible for with an ACA policy.

Following is a list of services required in a policy under the ACA:

- Ambulatory patient services (outpatient care you get without being admitted to a hospital)
- Emergency services
- Hospitalization (like surgery and overnight stays)
- Pregnancy, maternity, and newborn care (both before and after birth)
- Mental health and substance use disorder services, including behavioral health treatment (this includes counseling and psychotherapy)
- Prescription drugs
- Rehabilitative and habilitative services and devices (services and devices to help people with injuries, disabilities, or chronic conditions gain or recover mental and physical skills)
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care (but adult dental and vision coverage aren't essential health benefits)
- Birth control coverage
- Breastfeeding coverage
- Medical management programs (for specific needs like weight management, back pain, and diabetes)

See at: <https://www.healthcare.gov/coverage/what-marketplace-plans-cover/>

What does Montana's Law require for short-term policies?

There are also Montana state law requirements for services that may apply to short-term policies. These are services such as coverage of an adopted child or newborn, inborn errors of metabolism, mammography, minimum hospital stay following child-birth (if maternity services are covered), post-mastectomy care, reconstructive breast surgery, and well-child care. Pre-existing condition exclusions may apply to these services.

Will the short-term policy have a network?

It depends on the policy. If the short-term policy includes provider networks, determine if your physician and medical providers are included. Also review terms that apply to charges from physicians or medical providers that are out of network.

Are subsidies or premium tax credits available for short-term insurance?

No - Subsidies or premium tax credits are not available for short-term insurance policies.

Where can I purchase a short-term policy?

Short-term coverage may be purchased directly from an insurance company or from an insurance producer offering the product in Montana. Insurers and producers must be authorized or licensed in Montana. Short-term insurance is not available on the exchange where ACA compliant coverage is purchased.

Are short-term policies subject to regulation by the Insurance Commissioner?

Yes - All insurance companies selling short-term policies are required to have a certificate of authority to sell the policies in Montana. Regular financial monitoring and review of the insurer and approval of policy forms are key functions in regulating short-term coverage. Insurance producers offering any insurance coverage must also be licensed in Montana.

What if I need more help or have additional questions?

You should always confirm that the company, agent or broker offering insurance coverage is authorized to provide information or coverage before you sign any documents or give any personal information.

Trained professionals at CSI are available to assist you on a wide range of insurance issues. Contact the CSI toll-free number at 1-800-332-6148 and ask for Policyholder Services.



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