

Email from Pivot Health

Recent Announcement on Short-Term Medical Plans: Here's What You Need to Know

Last week the Biden administration announced a proposed ruling on limiting STM maximum duration to 3 months with a 1 month extension per year, per carrier. Here is a snapshot of what you need to know:

- The ruling is not final. There is a 60-day period for comments which ends September 11, 2023.
- The final ruling should be 75 days after the comment period and will most likely go into effect in early 2024.

This ruling was expected, and Pivot Health is prepared. We've read the final proposal, and here's what you need to know:

- There is no proposed change to medical underwriting.
- There is no change to pre-existing conditions.
- And possibly the best news – **there is no change to existing policies.**

According to an FAQ issued by the Centers for Medicare and Medicaid Services (CMS):

"The proposed regulations would allow individuals enrolled in STLDI sold or issued **prior to the effective date of the final rules to keep their coverage** for the full duration allowed under current rules (up to 36 months, including renewals and extensions), to the extent permitted by applicable state law."

This means until the final rule is put into place, it could be best practice to enroll your clients in up to three years of 364-day plans in states where permissible to give them maximum protection and maintain optionality for them. Your client would experience no rate increases in years two and three, and they would get to keep their existing policy **even after the final rule takes place.**

I do believe that the proposed rule change means a loss of consumer choice. Therefore, we encourage you to take part in the comment period by submitting any information that illustrates how

STM coverages have benefited your clients.

We always encourage you to help customers enroll in the plans that best fit them. But ask some new questions:

- Are you looking for this plan to last for two years or more?
- What is your budget today? What do you think it will be in the next two or three years?
- What is your risk tolerance for out-of-pocket expenses vs. monthly cost?

In summary:

- For STM, “enroll and hold” is a good strategy. It is safe, reliable, and affordable.
- We knew durations would most likely change, and we’re prepared with multiple options for your clients.
- Pivot Health continues to be committed to the niche markets we serve and will keep you informed on updates as we learn more.

Warm Regards,

Deirdre Ragan

You may submit electronic comments starting July 12 on this regulation to <https://www.regulations.gov>. Follow the "Submit a comment" instructions. In commenting, please refer to the file code CMS-9904-P. You may also mail written comments to the following address ONLY: Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS-9904-P, P.O. Box 8010, Baltimore, MD 21244-8010.