

Keeping you informed: Short Term Limited Duration Insurance and Excepted Benefits Proposed Rule

Recently, the Department of Health and Human Services (HHS), along with other federal agencies (“Agencies”), published proposed rules addressing Short Term Limited Duration Insurance (“Short Term”). The Proposed Rule, as released, also includes additional rule changes for certain Excepted Benefits fixed indemnity products in the individual and group markets among other areas of focus. We are actively going through the Proposed Rule to ensure we are prepared for any changes.

Here’s what we understand so far:

The Proposed Rule covers a variety of changes for Short Term and individual market Fixed Indemnity Excepted Benefits products. Here are some of the key elements:

- Durational change in Short Term definition to require it to have an expiration date no more than 3 months after the original effective date of the coverage, with the allowance to renew the policy for one additional month
- Efforts to prevent “stacking” by prohibiting the same issuer from issuing more than 1 Short Term coverage (max of 4 months) to the same consumer in a 365-day period
- Benefits for hospital indemnity or other fixed indemnity excepted benefits coverage in the individual market must be on a per-period basis (eliminating “per service” benefits)
- Updated required prominent federal consumer-protection notice and increased places it must appear, including in marketing (for both Short Term and Excepted Benefits)

Additionally:

- Existing Short Term products can continue to be sold until the Final Rule is effective
- Members of Short Term plans in force *before the effective date* of the *Final Rule* are allowed to keep their coverage until it terminates, even those in longer duration Short Term plans of up to 36 months

Next Steps

A 60-day comment period began on July 12, 2023 with the official publication of the Proposed Rule and it ends on Sept. 11, 2023. The Agencies will review public comments and then issue the Final Rule, which will become effective 75 days *after* its official publication. We anticipate the timing of this to be early 2024.

We are engaged and ready

We have been anticipating a Proposed Rule for some time and have been actively preparing for potential changes to be in the best possible position to help you and your clients as we navigate through this next chapter of the health insurance market. We will keep you updated as we learn more and draw closer to the publication of the Final Rule. In the meantime, continue focusing on serving your customers' needs with available products

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