



COMMISSIONER OF SECURITIES AND INSURANCE

Troy Downing
Commissioner

Office of the
Montana State Auditor

ADVISORY MEMORANDUM

To: ALL INTERESTED PERSONS

From: TROY DOWNING
Commissioner of Securities and Insurance, Montana State Auditor

Date: 06/20/2024

Advisory Memorandum Regarding New Federal Rules Governing Short-Term, Limited-Duration Insurance

Background

On March 28, 2024, the Departments of Health and Human Services, Labor, and Treasury released final rules regarding short-term, limited-duration insurance (STLDI) policies.¹ The rules impose new nationwide duration limits on STLDI policies and require an updated disclosure notice.

An STLDI policy is a temporary limited policy that offers fewer benefits and consumer protections than other comprehensive types of health insurance policies, such as individual policies offered on HealthCare.gov. For example, an STLDI policy is not subject to federal individual market consumer protections and requirements for comprehensive coverage, such as prohibitions on discrimination based on health status, pre-existing condition exclusions, and lifetime and annual dollar limits on essential health benefits. In addition, an STLDI policy is not subject to federal consumer protections under the No Surprises Act and Mental Health Parity and Addiction Equity Act (MHPAEA).

¹ 89 FR 23338 (finalizing amendments to, pertinent here, 45 CFR §§ 144.103, 146.125, 146.145, 148.102, 148.220). See <https://www.federalregister.gov/documents/2024/04/03/2024-06551/short-term-limited-duration-insurance-and-independent-noncoordinated-excepted-benefits-coverage>). See also, <https://www.cms.gov/newsroom/fact-sheets/short-term-limited-duration-insurance-and-independent-noncoordinated-excepted-benefits-coverage-cms>.

Guidance

In summary of the new requirements for issuers of STLDI policies and consumers:

A. According to the new federal rules, for STLDI policies that are sold or issued on or after September 1, 2024, all policies must comply with the following federal requirements:

- (1) The term of the initial contract period for an STLDI policy must be limited to no more than three months.
- (2) The maximum coverage period must be limited to no more than four months, including renewals and extensions. A renewal or extension includes a new policy issued by the same insurer (or another insurer in the same controlled group, meaning they are treated as a single insurer) to the same policyholder within the 12-month period beginning on the original effective date of the initial policy.
- (3) The new rules require an updated disclosure notice to help consumers distinguish between comprehensive coverage and STLDI coverage.² This updated disclosure notice (attached) must be provided for new STLDI policies sold or issued on or after September 1, 2024.

Specifically, the notice must be displayed prominently, in at least 14-point font, on the first page (in either paper or electronic form, including on a website) of the policy, certificate, or contract of insurance, and in any marketing, application, and enrollment materials (including reenrollment materials) provided to individuals at or before the time an individual has the opportunity to enroll (or reenroll) in the coverage.

B. For STLDI policies that are currently in effect or sold or issued before September 1, 2024:

- (1) Under the new rules, and except as provided in paragraph (2) below, there is no change to STLDI policies that are now in effect or that are sold or issued before September 1, 2024. Currently, in Montana, STLDI policies may have an initial contract term of up to 364 days and a maximum duration of up to 36 months.

For individuals currently enrolled in an STLDI policy or who purchase an STLDI policy before September 1, 2024, such individuals may remain covered under their policy for the initial contract term and any specified renewals and extension periods (as specified in their policy).

- (2) For coverage in effect before September 1, 2024, the updated disclosure notice must be provided upon any renewal or extension that occurs on or after September 1, 2024.

² See 89 FR 23353, 23372, 23411, 23414, 23417.

Form Filing Instructions

Additional SERFF filings will be required to ensure compliance with the new federal rules and this advisory memo. To facilitate review:

- The general information section should state that the filing is being made to comply with the new federal rules and this advisory memo.
- Under the supporting documentation tab include a redline document of the changes.
- Reference the prior SERFF tracking number for the previously approved form.

This advisory memorandum is informational only and does not enlarge, delimit, or otherwise modify any requirements of applicable law or in any way limit the authority of CSI under applicable law. CSI encourages interested persons to consult with independent legal counsel for guidance on the application of law to any particular circumstances.

**IMPORTANT: This is a short-term, limited-duration policy,
 NOT comprehensive health coverage**

This is a temporary limited policy that has fewer benefits and Federal protections than other types of health insurance options, like those on HealthCare.gov.

This policy	Insurance on HealthCare.gov
Might not cover you due to preexisting health conditions like diabetes, cancer, stroke, arthritis, heart disease, mental health & substance use disorders	Can't deny you coverage due to preexisting health conditions
Might not cover things like prescription drugs, preventive screenings, maternity care, emergency services, hospitalization, pediatric care, physical therapy & more	Covers all essential health benefits
Might have no limit on what you pay out-of-pocket for care	Protects you with limits on what you pay each year out-of-pocket for essential health benefits
You won't qualify for Federal financial help to pay premiums & out-of-pocket costs	Many people qualify for Federal financial help
Doesn't have to meet Federal standards for comprehensive health coverage	All plans must meet Federal standards

Looking for comprehensive health insurance?

- **Visit HealthCare.gov** or call **1-800-318-2596** (TTY: 1-855-889-4325) to find health coverage options.
- To find out if you can get health insurance through your job, or a family member's job, contact the employer.

Questions about this policy?

For questions or complaints about this policy, contact your State Department of Insurance. Find their number on the National Association of Insurance Commissioners' website (naic.org) under "Insurance Departments."