

Short-term Limited-duration Insurance
Guidance Document
August 2021

The requirements below are based on the provisions of § 38.2-3407.21 of the Code of Virginia (unless otherwise noted) that went into effect July 1, 2021.

Definition:

“Short-term limited-duration insurance” is health insurance coverage in which the period of coverage or policy duration is three months or less and complies with the requirements of § 38.2-3407.21 of the Code of Virginia. It is not individual health insurance coverage and it is not an excepted benefit as those terms are defined in § 38.2-3431 of the Code of Virginia.

Form and Rate Filings:

Forms associated with STLD insurance issued or issued for delivery in Virginia shall be filed with and approved by the Bureau of Insurance (BOI) prior to use pursuant to § 38.2-316 of the Code.

Rates associated with STLD insurance shall be filed with and approved by the BOI in accordance with § 38.2-316.1 of the Code, including rates for a policy issued outside of Virginia and offered or sold to individuals located in Virginia.

Notices and Disclosures:

A STLD insurance policy, contract and any application materials provided in connection with enrollment shall contain the following notice displayed prominently in the application, plan materials and on the face of the policy in at least 14-point type:

“This coverage is not required to comply with federal market requirements for health insurance, principally those contained in the affordable care act. Be sure to check your policy carefully to make sure you are aware of any exclusions or limitations regarding coverage of preexisting conditions or health benefits (such as hospitalization, emergency services, maternity care, 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. If this coverage expires or you lose eligibility for this coverage, you might have to wait until an open enrollment period to get other health insurance coverage.”

Any advertising, sales call, solicitation or other marketing practices shall include a disclosure that a short-term limited-duration policy is neither minimum essential coverage nor major medical coverage.

Terms and Renewability:

A STLD policy term shall be not more than three months duration.

STLD insurance may be nonrenewable or renewable (but not guaranteed renewable) based on the insured’s eligibility. Coverage may be renewed or extended so that coverage may not exceed 6 months in any 12-month period. Any policy issued prior to July 1 that could be reissued or extended on or after July 1 will need to comply with these requirements.

An application form shall include a question on whether the applicant had any STLD coverage within 12 months of the application date.

Benefits:

An individual market STLD insurance policy issued by a health maintenance organization shall cover basic health care services as defined in § 38.2-4300 of the Code. An individual STLD insurance policy issued by any health carrier other than a health maintenance organization shall include at least emergency services, hospital and physician care, out-patient medical services, surgical benefits, and radiology and laboratory benefits. In addition:

1. A STLD insurance policy that is nonrenewable shall include all applicable state mandates that do not specifically exempt short-term nonrenewable policies.
2. A STLD insurance policy that is renewable shall include all applicable state mandates, including those that exempt short-term nonrenewable policies.

A group STLD insurance policy must comply with all group health insurance requirements, including any ACA group market reforms (e.g., EHBs) since STLD insurance is included in the definition of “group health insurance coverage” as defined in § 38.2-3431 of the Code. The BOI has received guidance from CMS that states: *“Since STLD insurance sold in the group market has to comply with all of the group health insurance requirements, it would be no different than ‘regular’ group health insurance. Effectively there is no STLD insurance in the group market”* (emphasis added).

Pre-existing conditions/Waiting periods:

An individual STLD insurance policy or contract that is renewable or an individual STLD insurance policy or contract that is underwritten shall comply with the limits imposed on preexisting conditions in § 38.2-3514.1 of the Code. Such policies may include a pre-existing condition exclusion period for the entire coverage period that must be credited for prior creditable coverage.

A STLD insurance policy shall not contain any waiting period or elimination period prior to receiving benefits.

Internal Review and External Appeal:

A STLD insurance policy shall be subject to internal appeal process requirements and external review requirements of Chapter 35.1 of Title 38.2 of the Code.

Application of Requirements:

A STLD insurance plan shall not be issued during an annual open enrollment period. No application for STLD insurance may be accepted during an annual open enrollment period.