

## Fact Sheet: Short-Term, Limited-Duration Insurance Final Rule

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#### Background

The Secretaries of the Treasury, Labor, and Health and Human Services published a proposed rule to consider allowing short-term, limited-duration insurance to cover longer periods and be renewed by the consumer on February 21, 2018 in response to both stakeholder input in the Request for Information "Reducing Regulatory Burdens Imposed by the Patient Protection and Affordable Care Act & Improving Healthcare Choices to Empower Patients," as well as Executive Order 13813 entitled "Promoting Healthcare Choice and Competition Across the United States."

After considering the public comments on the proposed rule, the Departments are finalizing the proposed rule with some modifications.

#### Short-Term, Limited-Duration Insurance

Short-term, limited-duration insurance is a type of health insurance coverage that was primarily designed to fill gaps in coverage that may occur when an individual is transitioning from one plan or coverage to another plan or coverage, such as in between jobs. This type of coverage is exempt from the definition of individual health insurance coverage under the Patient Protection and Affordable Care Act (PPACA) and is therefore not subject to the PPACA provisions that apply to the individual market.

#### Final Policies

Today's rule provides consumers with more affordable options for health coverage. They will now have the ability to purchase short-term, limited-duration insurance policies that:

- Are less than 12 months;
- Contain important language to help them understand the coverage they are getting; and
- May be renewed for up to 36 months.

After consideration of the comments, today's rule finalizes many of the changes put forward in the proposed rule and modifies proposals in other areas. Many commenters provided thoughts on the definition of "short-term, limited duration." While we finalized the less than 12 month length of the policy as proposed, we changed the total length of the policy to a duration of no longer than 36 months in total, taking into account renewals or extensions, based on comments received. This final rule also retains the requirement that issuers of short-term, limited-duration insurance display prominently in consumer materials one of two versions of a consumer notice explaining the policy that they are purchasing. In the final rule, we also strengthened the language required in the notice and included language deferring to state authority. Finally, we revised the estimates of the impact of short-term, limited-duration coverage on the individual health insurance market.

This final rule is effective and applicable 60 days after publication in the Federal Register.

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