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**BULLETIN 2018-05**

**SHORT-TERM, LIMITED-DURATION HEALTH INSURANCE**

**Effective October 24, 2018**

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On August 3, 2018 the Department of Labor, Department of Health and Human Services, and Internal Revenue Service finalized a rule (“federal rule”) which amends the federal definition of short-term, limited-duration health insurance. The federal rule is effective October 2, 2018.

The purpose of this Bulletin is to clarify obligations applicable to insurers wishing to offer short-term, limited-duration policies in Ohio.

**Notice Requirement**

The federal rule imposes a notice requirement for short-term, limited-duration policies based on their issue date. The applicable notice below must be displayed prominently, in at least 14 point type, in the contract and in any application materials provided in connection with enrollment in such coverage.

For policies having a coverage start date *before* January 1, 2019:

This coverage is not required to comply with certain 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. Also, this coverage is not “minimum essential coverage.” If you don’t have minimum essential coverage for any month in 2018, you may have to make a payment when you file your tax return unless you qualify for an exemption from the requirement that you have health coverage for that month.

For policies having a coverage start date *on or after* January 1, 2019:

This coverage is not required to comply with certain 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.

### **One-Time-Limited-Duration Policies**

Ohio law does not define short-term, limited-duration policies. However, a one-time-limited-duration policy of less than twelve months is excepted from certain requirements otherwise applicable to sickness and accident policies. Therefore, if an insurer wishes to avail itself of an exception, the policy must be a one-time policy issued for a limited-duration term of less than twelve months, i.e. a term of no more than 364 days. For a complete listing of exceptions, please reference R.C. Chapters 3923, 3924 and 1751.

### **Compliance with Applicable Ohio Law**

Ohio insurance laws apply to short-term, limited-duration policies unless otherwise specifically excepted. Short-term, limited-duration policies are generally exempt from federal requirements to provide essential health benefits, however insurers must comply with all applicable R.C. Chapter 3923 coverage mandates.

A non-exhaustive list of requirements and coverages applicable to short-term, limited-duration policies includes:

- Internal and External Reviews
- Required Provider Network Disclosures for Consumers
- Coverage for Mammography Screenings
- Coverage for Autism Spectrum Disorder

If the short-term, limited-duration policy offers family coverage, additional coverage mandates may apply, including but not limited to coverage for newborn children.

### **Filing**

Forms and rates for short-term, limited-duration policies are required to be filed and approved by the Department prior to offering for sale in Ohio. Insurers offering short-term, limited-duration policies after the effective date of the federal rule must file or refile their applicable forms and rates with the Department in conformance with federal and state requirements.

### **Marketing Practices**

Insurers and agents are reminded that all marketing and sales practices associated with short-term, limited-duration policies must comply with R.C. 3901.20, which prohibits unfair or deceptive acts. Additionally, Ohio Administrative Code (Ohio Adm.Code) 3901-8-07 prohibits the use of any advertising that is materially misleading or deceptive, and requires truthful and adequate disclosure of all material and relevant information in the advertising of sickness and accident insurance. For example, Ohio Adm.Code 3901-8-07(F)(1)(d) provides: “[a]n advertisement shall not contain descriptions of a policy limitation, exception, or reduction worded in a positive manner to imply that it is a benefit, such as describing a waiting period as a ‘benefit builder’ or stating ‘even pre-existing conditions are covered after two years.’ Words and phrases used in an advertisement to describe such policy limitations, exceptions and reductions shall fairly and accurately describe the negative features of such limitations, exceptions and reductions of the policy offered.”

### **Consumer Complaints**

Consumers with information about an insurance company’s alleged violation of Ohio law, or with concerns about the way an insurance company is handling his or her claim in Ohio, are encouraged to contact the Consumer Services Division at (800) 686-1526. Alternatively, consumers may submit a complaint through the Department website online at <http://www.insurance.ohio.gov/Consumer/OCS/Pages/ConsCompl.aspx>.

Superintendent of Insurance



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