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Insurance Commissioner Announces Filing Requirements, Warns Consumers of Short-Term, Limited-Duration Health Insurance Plans

Harrisburg, PA – Insurance Commissioner Jessica Altman today announced that insurers who currently sell or plan to sell short-term, limited-duration (STLD) insurance plans in Pennsylvania must file or re-file their plans to comply with a new federal rule released Aug. 3.

During a press conference in Harrisburg Altman cautioned consumers about STLD insurance and other limited-benefit plans that may be deceptively marketed as comprehensive coverage. She was joined by a southeastern Pennsylvania woman deceptively sold a health plan as health coverage comparable to comprehensive Affordable Care Act (ACA) plans.

The Trump Administration’s recently finalized [rule](#) eases restrictions on STLD insurance plans by expanding the timeframe that consumers can be covered from three months to “less than 12 months” or 364 days, and by allowing these plans to be renewable up to 36 months. The rule now requires carriers to include specific consumer disclosure information in their insurance plans.

The Insurance Department will be reviewing STLD insurance plan filings to assure they comply with state law as well as the consumer disclosure information required by the new federal rule, which goes into effect on Oct. 2.

“Consumers need to be fully aware that these plans are not comprehensive health coverage and may exclude coverage for critical care,” Altman said. “Requiring insurers to file their short-term, limited-duration plans in light of the new rule is a common-sense regulatory action that allows our department to ensure that the plans clearly explain what they include and exclude.”

STLD insurance provides temporary health coverage to individuals who have an unexpected gap in coverage or need health care for a brief period. The plans generally have lower premiums but significant coverage limitations.

STLD insurance plans do not have to meet the minimum requirements for comprehensive coverage under the ACA. They can exclude coverage for preexisting conditions and even deny coverage to an applicant due to a preexisting condition. They are not required to cover essential health benefits, prescription drugs, preventive services, mental health services or substance use disorder services. They also can set lifetime and annual dollar limits to the amount they pay.

The commissioner addressed concerns about STLD plans in [comments](#) to the Trump Administration in April on behalf of the Commonwealth of Pennsylvania [warning](#) that the changes could increase potential for market destabilization and consumer harm.

“As consumers consider their health insurance options, we want to make sure that they fully understand that short-term, limited-duration plans do not have to provide the same types of important coverages that are required under the ACA,” Altman said. “We also want to warn consumers that various forms of limited-benefit coverage may be deceptively marketed as comprehensive coverage.”

During the press conference, Linda Walters, an attorney from Wayne, Pa., described her experience purchasing a health insurance plan that she thought was a comparable substitute for the on-exchange ACA plan in which she was previously enrolled.

Walters alleged that an insurance agent misrepresented limited-benefit products sold to her as an acceptable and cost-effective alternative to her current on-exchange ACA policy.

Ultimately, Walters renewed her on-exchange policy and instructed her bank to stop payment on an auto draft that the insurer attempted to use to get premium payments for the short-term plan.

“I took all the appropriate steps when shopping for insurance and yet I was sold a plan that clearly was not a true alternative to my on-exchange plan,” Walters said. “I want to share my story as a warning to people. Fortunately, I got out of the plan when I realized that it wasn’t comprehensive coverage and before I made a payment, but another person may not realize it until they have an unexpected illness or injury. It could wind up costing them.”

In the past two years, the Insurance Department has revoked the licenses of eight producers for deceptively marketing limited-benefit plans as comprehensive ACA coverage.

The Insurance Department has created a brochure for consumers, [Thinking about buying a short-term health insurance plan?](#), which includes a checklist comparing requirements for ACA coverage and STLD plans. A copy of the brochure may be found on the department's website, www.insurance.pa.gov.

“Unfortunately, even the most educated consumer is at risk. Linda took the right steps when seeking a policy,” Altman said. “Thankfully, she recognized that her plan was not comprehensive coverage as described and cancelled before facing a financial loss or a health emergency. I applaud her for sharing her story with the public because it can happen to anyone.

“In light of the new federal rule and the elimination of the individual mandate next year, I am very concerned that deceptive marketing will increase, so it's critical that these plans are thoroughly examined and that anyone marketing these products is transparent in explaining their limitations so that consumers are aware of what they are buying,” Altman said.

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