



# SHORT TERM, LIMITED DURATION INSURANCE<sup>3</sup>

## What is Short Term, Limited Duration Insurance?

Short-term Limited Duration Insurance (STLDI) is designed to provide people experiencing a gap in health coverage with temporary coverage until they are able to enroll in a typical one-year policy. Compared to annual health plans, STLDI does not usually include as many benefits, resulting in lower monthly premium costs.

### **How have Federal regulations impacted Short-term Limited Duration Insurance?**

The Affordable Care Act (ACA) does not require STLDI to include many of the patient protections required of most major medical health insurance policies sold to individuals. Because they do not cover as many health benefits, STLDI typically costs less than ACA-compliant health plans. To help ensure consumers were only purchasing STLDI to fill gaps in coverage, rules took effect in January 2016 limiting STLDI policies to provide benefits for not longer than three months.

Final rules were released in August 2018 to extend the maximum period a person could be covered under a STLDI policy. While the initial coverage period is required to be less than 12 months from the original effective date, the policy could be renewed or extended for no longer than 36 months in total.

Read the [final rules](#), posted by multiple Federal agencies, for more details.

The Federal Government has left it up to each State to determine whether this coverage will be allowed or not. It is anticipated that a handful of states will not allow STLDI to be written.