



KAY IVEY
GOVERNOR


JIM L. RIDLING
COMMISSIONER

STATE OF ALABAMA
DEPARTMENT OF INSURANCE
201 MONROE STREET, SUITE 502
POST OFFICE BOX 303351
MONTGOMERY, ALABAMA 36130-3351
TELEPHONE: (334) 269-3550
FACSIMILE: (334) 241-4192
INTERNET: www.aldoi.gov

DEPUTY COMMISSIONERS
JERRY WORKMAN
MARK FOWLER
CHIEF EXAMINER
RICHARD L. FORD
STATE FIRE MARSHAL
SCOTT F. PILGREEN
GENERAL COUNSEL
REYN NORMAN

BULLETIN NO. 2018-04

TO: All Insurers Writing Health Insurance in Alabama

FROM: Jim L. Ridling
Commissioner of Insurance 

DATE: October 4, 2018

RE: Short-Term Limited Duration Plans

EFFECTIVE: Immediate

The purpose of this bulletin is to inform carriers and consumers that short-term, limited duration health insurance policies (also known as “short-term policies” or “STLD policies”) do not qualify as the minimum essential coverage required under the Affordable Care Act (ACA). The purpose of this bulletin is to also inform consumers and carriers that the loss or termination of a short-term policy does not trigger a special enrollment period that would allow a consumer to purchase an ACA-compliant health benefit plan outside of an open enrollment period.

Effective October 2, 2018, the federal government requires that STLD policies sold in the individual market:

- Must cover a period that is 12 months or less. The previous federal standard reducing the maximum coverage to less than 3 months is no longer in effect.
- May be renewed for additional twelve-month periods but cannot exceed a maximum period of 36 months.
- Must contain important language to help consumers fully understand the coverage they are purchasing. A notice (one of two versions – depending on the year of issuance) must be displayed prominently on the top of the face page of the contract, certificate and in any application materials provided in connection with enrollment.

All forms and rates for STLD policies should be submitted via SERFF. Forms and rates are subject to prior approval; and consequently, must be filed with and approved by the Department prior to use. All other required documents/forms should also be submitted. These included, but are not limited to, policy forms, riders, rates certifications, filing fees, etc.

Effective immediately, previously filed STLD policies must be resubmitted for form and rate review and approval with the appropriate notice displayed prominently on the top of the face page of the contract, certificate and any application material. These products should be submitted as a new product with a new form number.

Although short-term policies may be appropriate for some consumers, producers should keep in mind that the federal regulation expressly describes short-term coverage as “a type of health insurance coverage that was primarily designed to fill temporary gaps in coverage that may occur when an individual is transitioning from one plan or coverage to another plan or coverage.” Short-term policies are exempt from ACA consumer protections such as guaranteed availability of coverage and coverage of pre-existing conditions, and these policies are subject to medical underwriting and rating.

A producer’s duty of competence includes ensuring that consumers considering these policies are fully advised of the terms, benefits, and limitations of the coverage

JLR/WR/YH/bc