



Bulletin 24-01

To: All Consumers, Agents, Health Insurers who Buy or Sell Short-Term Limited Duration Plans in Iowa
From: Doug Ommen, Iowa Insurance Commissioner
RE: Federal Changes to the Allowable Coverage Period of Short-Term Limited Duration Plans
Date: May 28, 2024

Short-term limited duration (“STLD”) insurance is a type of health insurance coverage that was traditionally designed to fill the gaps in coverage when an individual was transitioning from one health insurance plan to another. For example, when an individual changes jobs and moves from one employer sponsored plan to another. In Iowa, these plans have also been an option for individuals who find the individual ACA marketplace plans to be unaffordable. Iowa law allows STLD plans to be offered for an initial term of up to 12 months with renewals permitted to extend the total coverage period up to 36 months. There were 3,802 Iowans enrolled in STLD plans at the end of calendar year 2023.

The federal government has changed the allowable duration of STLD plans to limit the initial term to no more than 3 months with renewals extending the total coverage period up to only 4 months. The federal changes also prohibit a carrier from offering a STLD plan, including permissible renewals, to the same individual within a 12-month period. The changes are effective September 1, 2024.

The federal changes do not impact any plans that are effective before September 1, 2024. Individuals may continue to purchase approved STLD plans for durations of up to 36 months so long as the plans are effective before September 1, 2024. Additionally, the federal changes do not impact the duration of currently active plans. Individuals who are currently enrolled in STLD plans may continue to receive coverage under their plan for the full duration, including renewals, of the plan.

Individuals who are enrolled in or considering purchasing STLD plans, need to understand that the availability of this coverage is changing and that they may need to consider other options. Individuals who lose coverage in STLD plans are eligible for a 60-day special enrollment period into group health plans but not into an individual health plan. The federal government did not create a special enrollment period into individual ACA plans. The September 1, 2024, effective date was set so individuals may receive coverage in STLD plans for up to 4 months until they are able to receive coverage in individual ACA plans offered on the Marketplace beginning January 1, 2025.

Iowans who are considering purchasing or renewing STLD plans should speak with a licensed insurance agent or to contact the IID's Consumer Advocate to ensure they understand their health insurance coverage options.

To find a licensed agent, visit: <https://iid.iowa.gov/consumers/insurance/find-licensed-insurance-agent>.

The Consumer Advocate may be reached at 515-654-6538.

Within the STLD plan rule, the federal government also made changes to fixed indemnity excepted benefits coverage, more commonly referred to as 'fixed indemnity' insurance. The federal government amended the consumer notice requirements for both the STLD and fixed indemnity plans. The new notice requirements are effective September 1, 2024, for STLD plans and January 1, 2025, for fixed indemnity plans. The notice must be in 14-point font on the first page of all plans and applications as well as any marketing and enrollment materials. The changes are designed to ensure consumers understand exactly what they are purchasing and do not confuse the plan with an ACA compliant, major-medical plan.

The Iowa Insurance Division expects all carriers offering STLD or fixed indemnity plans to make all necessary changes to comply with the required federal changes. This should include, but not be limited to, amending current plans, applications, and other materials to include the new notice requirements and to limit the duration of any newly issued STLD plans that will be effective on or after September 1, 2024.