

Policy Brief: Short-Term, Limited-Duration Insurance

Background

Short-term, limited-duration insurance (STLDI) was originally designed to provide temporary coverage for individuals transitioning between health plans, such as when they experience gaps in employment or are outside of open enrollment periods for traditional insurance.¹⁻² Under the Public Health Services Act, STLDI is excluded from the definition of “individual health insurance coverage,” allowing these plans to offer limited coverage and benefits without complying with the consumer protections of the Affordable Care Act (ACA).²⁻³ The ACA included a medical loss ratio provision to secure quality care for consumers by requiring insurers to spend 80% of collected premiums on delivering health care, another requirement that does not apply to STLDI plans.⁴ STLDI is, therefore, largely exempt from federal market requirements, including essential health benefits, annual or lifetime spending caps, pre-existing condition exclusions, and guaranteed availability or renewability.

STLDI was first defined in 1997 through the Health Insurance Portability and Accountability Act (HIPAA) and finalized in 2004, requiring a pre-specified expiration date no more than 12 months after issuance, including extensions and renewals.³ The appeal of lower premiums for a 12-month duration contributed to the risk of STLDI being sold as primary coverage. When healthier individuals with fewer health care needs are attracted to STLDI plans, adverse selection could leave ACA-compliant insurance pools with a disproportionately higher number of individuals needing more care.³⁻⁵

A 2016 regulation began to address the proliferation of STLDI plans by shortening the maximum duration to three months and mandating contracts to explicitly state that these plans did not satisfy the ACA’s requirement of basic health coverage.³ A subsequent 2018 regulation reversed these new protections by resetting the STLDI duration back to 12 months with a maximum extension or renewal period of 36 months, citing the high cost to enrollees of ACA-compliant plans and a need for longer transitional coverage between jobs.³ The most recent ruling, in 2024, again limited the duration of STLDI plans issued as of September 2024 to three months, with a maximum extension or renewal period of four months.³ It remains to be seen whether future regulatory action will again loosen requirements for STLDI plans.

Concerns for ASCO Members & Where ASCO Stands

In June 2020, a report by the U.S. House of Representatives detailed numerous concerns with STLDI plans including the following: discrimination against individuals with pre-existing conditions such as cancer, limited benefits and financial protections, non-coverage of many essential screening services, frequent refusal to pay claims, and potential rescissions of coverage.¹ Although the 2024 regulation implemented more stringent federal monitoring to prevent deceptive advertising of STLDI, it did not include protections from high costs of care or oversight of minimum standards for offered services. This not only places the burden of cost-sharing on patients receiving cancer treatment, but also risks delayed diagnoses due to many STLDI plans excluding coverage of cancer screenings.⁵ A cross-sectional study of 1,289,366 adults aged 18 to 64 years diagnosed with cancer from January 2016 to February 2020 found that resetting STLDI back from three to 12 months was associated with increased late-stage cancer diagnoses in states with zero or inadequate additional consumer protections.⁵ Stricter state-level regulation would limit the negative impact of STLDI on cancer care, especially for plans issued before September 2024 with a maximum term of 36 months. Late cancer diagnoses due to STLDI can also lead to adverse effects on survival, as patients face the elevated risk of less effective treatments and poorer cancer outcomes.⁵

ASCO has established clear principles on [patient-centered health care reform](#), including requirements for affordable and sufficient coverage regardless of income or health status. Of particular importance is the availability of cancer

prevention and screening services, which are critical to reducing cancer mortality. Gaps in coverage and benefits, exclusions due to pre-existing conditions, and lifetime or annual coverage caps are unacceptable compromises. Despite supporting the 2024 duration limit of STLDI, ASCO contends that these plans largely fail to meet necessary standards for high-quality cancer care.

¹ <https://docs.house.gov/meetings/IF/IF14/20210323/111378/HHRG-117-IF14-20210323-SD023.pdf>

² <https://content.naic.org/insurance-topics/short--term-limited-duration-health-plans>

³ <https://www.federalregister.gov/documents/2023/07/12/2023-14238/short-term-limited-duration-insurance-independent-noncoordinated-excepted-benefits-coverage>

⁴ <https://www.kff.org/affordable-care-act/issue-brief/explaining-health-care-reform-risk-adjustment-reinsurance-and-risk-corridors/>

⁵ <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2831664>