



Pete Ricketts, Governor

NOTICE

TO: All Companies Writing Health Insurance in Nebraska

FROM: Bruce R. Ramge, CPCU, CIE
Director of Insurance

DATE: November 7, 2016

SUBJECT: Federal Regulation Regarding Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited Duration Insurance

On October 28, 2016, the federal government released the final rule regarding excepted benefits coverage, lifetime and annual limits, and short-term, limited duration insurance, 45 CFR Parts 144, 146, 147 and 148. For policies with an effective date of January 1, 2017 or later, these short-term, limited duration medical plans are now required to prominently display in their contract and application materials the following warning:

THIS IS NOT QUALIFYING HEALTH COVERAGE ("MINIMUM ESSENTIAL COVERAGE") THAT SATISFIES THE HEALTH COVERAGE REQUIREMENT OF THE AFFORDABLE CARE ACT. IF YOU DON'T HAVE MINIMUM ESSENTIAL COVERAGE, YOU MAY OWE AN ADDITIONAL PAYMENT WITH YOUR TAXES.

Additionally, the federal government has now mandated that short-term, limited duration insurance can only be for a period of less than three months. Under previous IRS regulations, "short-term" referred to policies that covered less than 365 days. The regulation also mandates that the three-month limit applies to extensions made by the policyholder "with or without the issuer's consent." Therefore, plans that automatically renew are prohibited, and customer-requested renewals of these plans are also prohibited. This may be contrary to what is contained in some short-term, limited duration plans now.

Carriers that sell this coverage should review the federal regulations and refile or amend the policies as needed to comply with the federal regulations. For policies sold prior to April 1, 2017, the federal government has stated it will not take enforcement for violations of the three-month limit, so long as the plan terminates by December 31, 2017.

Questions concerning this notice may be directed to Martin Swanson, Administrator for Health Policy at martin.swanson@nebraska.gov. Questions regarding the procedure for filing the products may be directed to Karl Hug of the Life and Health Divisions at karl.hug@nebraska.gov.