



DEPARTMENT OF

Professional &
Financial Regulation

STATE OF MAINE

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF PROF. AND OCC. REGULATION

Maine Bureau of Insurance

Short-Term Health Insurance Plans: Know What You're Getting Before You Buy

Short-term health plans are not new in Maine, but they've been in the news recently, and you may be seeing more advertising for them, because the federal government removed the three-month restriction. The federal government now allows short-term health plans to be sold for terms up to 364 days and allows them to be renewed for up to 36 months.

However, Maine law is more restrictive. Under Maine law, short-term plans may be sold for terms up to 364 days, but they are not renewable, and successive policies are limited to a combined term of 24 months (regardless of whether someone buys from the same or different short-term insurance companies). Short-term health insurance coverage sold in Maine must comply with Maine's more restrictive standards.

Short-term Health Plans versus Major Medical Health Plans

Carefully consider what short-term plans do and do not cover before you purchase one, and before you opt out of major medical health coverage governed by the Affordable Care Act (ACA).

Premiums for short-term health plans can be significantly cheaper than premiums for major medical insurance (such as plans offered by employers or sold on and off the federal health insurance marketplace).

However, short-term health plans also differ significantly from major medical plans in the following ways:

- First, unlike ACA-compliant major medical plans, short term plans don't have to cover pre-existing conditions.

This means that if you've been treated or have symptoms for a health condition (such as diabetes, high blood pressure, arthritis, cancer – *any* condition) within 12 months of the effective date of coverage, the company could completely deny you coverage or determine that they won't pay for any of your expenses associated with that condition. Also, if you develop a condition while you're on the short-term plan and treatment lasts longer than your current policy, the insurance company could decide not to issue you a new policy (and you would have to find other coverage or pay all expenses for your condition after that point).

- Second, although these plans are required to cover services mandated under Maine law, these plans are not required to meet the ACA's essential health benefit requirements.

This means they don't have to cover many services like mental health treatment, maternity care, or prescription drugs.

- Third, these plans can require you to pay much more out-of-pocket for the services you receive.

- They can impose a set dollar limit on the amount of benefit they will pay on a certain service, leaving you responsible for the rest of the bill.
- They can have higher maximum out-of-pocket limits than ACA-compliant plans, and deductibles, co-insurance and co-pays that you are required to pay can be high and add up quickly.
- Some plans also put a limitation on the amount of coverage for routine doctor visits—such as \$25 to \$100 per visit—and a maximum benefit of \$1,000 to \$2,000 per coverage period.

How to Make an Informed Decision

- Be aware that any short-term plan sold in Maine may only be sold by a licensed insurance company and by a licensed agent or broker. Any plan legally available in Maine must have been reviewed by the Bureau of Insurance before being sold, to ensure its compliance with Maine law.

- Contact the Bureau before you buy if you are unsure about the insurance product you are purchasing. The Bureau has often been contacted by consumers who have purchased plans that have been illegally sold in Maine. Often, consumers have purchased these plans through the internet or over the phone from telemarketers. Consumers often contact the Bureau after claims have been denied or they have had other issues with the plan they have purchased.
- Although short-term plans may be appropriate for some people in some circumstances, it is important to understand their limitations. Be sure you understand that even though your premium may be lower with a short-term plan, your overall costs could be much higher, particularly if you need hospitalization, surgery or other costly care. Make sure you understand the plan you choose and how it works. It's important to read the insurance policy carefully and understand the benefits and risks before you buy:
 - write down any questions you have and follow up with the insurance company;
 - write down any answers the agent or broker provides for future reference; and finally
 - call the Bureau at 1-800-300-5000 with any questions you have about the plan contract or the differences between short-term policies and ACA-compliant major medical insurance coverage.