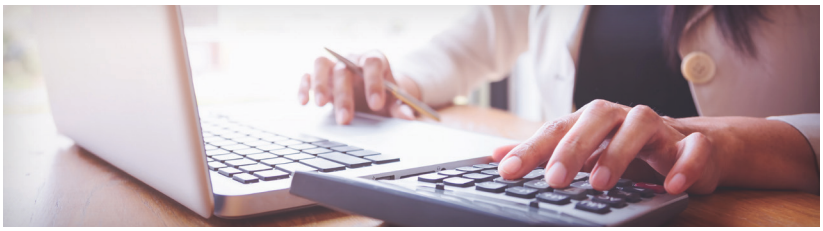
American Lung Association.



Buyer Beware: Short-Term Limited Duration Health Plans for 2021

New federal rules were published in 2018 for short-term limited duration health plans (short-term health plans or short-term plans). Consumers must be aware of what these plans do and do not cover before purchasing one. The basic choice when considering any health insurance plan is lower monthly premiums, less coverage and higher out-of-pocket costs at the doctor's office and hospital vs. higher monthly premiums, more coverage and lower out-of-pocket costs at the doctor's office and hospital.

Plans with lower premiums may look attractive but may not save you money in the long run—or even cover the basic services you need.

What is a Short-Term Limited Duration Health Plan?

- Short-term plans have traditionally been marketed to people who experience temporary gaps in coverage. They often have premiums much lower than Affordable Care Act (ACA) compliant plans – often 20% or less than the lowest-cost bronze plan available through the ACA Marketplace.
- **They are less expensive because the coverage is much more limited.** They may not cover prescription drug treatments, specialist visits, inpatient hospital stays, substance abuse treatment or maternity care.
- **Short-term plans almost always have substantial limits on benefits.** If you have a serious illness or accident, you could hit that limit very quickly and be stuck having to pay enormous medical bills entirely out-of-pocket. Think about whether or not you can afford those costs.
- **Short-term plans are not required to cover everyone.** If you have a pre-existing condition, you may not be able to buy a short-term plan, or the health plans can charge you more.
- By federal rules, short-term health plans are allowed to last for up to 12 months and may be renewed for a maximum period of 36 months. However, several states have implemented additional rules limiting the period of time these plans can be used.
- At the end of the coverage period when consumers purchase a second short-term plan, it is a new plan, not a renewal of the first plan. Medical conditions you received care for under the first plan may be considered pre-existing under the second plan and those treatments will not be covered.

A **pre-existing condition** can be defined as a situation where you had symptoms within the previous five years that would cause a reasonable person to seek diagnosis, care or treatment, regardless of whether you actually received care. For example, say you have a cough, but don't go to the doctor. Later, when you have a short-term plan, you are diagnosed with asthma. No costs associated with asthma - from the diagnosis to the treatment, including medicines - will be covered, even though you did not know you had it.

How do I decide if a Short-Term Plan is the right choice?

For a small group of people under very specific circumstances, a short-term plan could be a reasonable choice during a transition period, such as between jobs when you already have your next position lined up. Carefully consider if you are financially prepared to gamble that you will not become seriously sick or injured during short-term plan coverage.

Questions to consider include:

1 | ***Do you have a pre-existing condition?***

If you have a pre-existing condition, a short-term plan can deny you coverage, charge you a higher premium because of that condition, or completely exclude that condition from coverage. The lower monthly premiums of a short-term plan may not help you save money because you may pay more out of pocket for all the things the plan does not cover.

2 | ***How often do you or your family need care?***

No one can predict the future, but your past medical visits and bills are a place to start. They will give you an idea of the medical services you might need going forward. Plus, if you know of anything coming up that will impact your health, be sure to consider that as well. The important thing is to come up with a ballpark of expected needs. Even if you only expect a moderate amount of needed healthcare in the coming year, a short-term plan could leave you responsible for most of your medical bills. And remember, if you have previously been treated for an illness or accident, any treatment related to that illness or accident will probably not be covered at all.

Many short-term plans do not have a network of contracted doctors or hospitals (providers). Although this means you can choose any provider you want, it also means you will pay significantly more for the treatment you need.

3 | ***What are the routine benefits you need in a plan?***

Routine benefits are the things that are going to come up whether you planned for them or not, like preventive care and well care (annual checkups, lab tests and vaccinations), prescriptions and maternity and newborn care. When talking about ACA-compliant plans, these are often called essential health benefits and they must be covered. Short-term plans do not have to cover these common benefits.

4 | ***Are prescription medications critical for you? Do you take maintenance medications regularly for conditions like asthma, COPD or other chronic conditions? Do you expect to have any kind of medical procedure in the coming coming year for which prescription medications would be part of the recovery process, like pain medications or antibiotics?***

Filling prescriptions is the most common interaction people have with their health insurance, so it makes sense to understand how prescription coverage works for any plan you are considering. It is best to look at how the plan covers prescriptions in general in addition to knowing how your specific prescription medications would be covered.

Prescription drugs are not required to be covered by short-term plans. They are also not required to cover treatments for pre-existing conditions, which for many might include prescriptions. If prescriptions are important to you or your family, a short-term plan could come up short for your coverage.

Consumers should also check what financial assistance for comprehensive coverage they might qualify for at HealthCare.gov before making any decisions.

SOURCES:

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