



TO UNDERSTANDING
SHORT-TERM
HEALTH INSURANCE

3

STEPS TO UNDERSTANDING SHORT-TERM HEALTH INSURANCE

What is short-term health insurance and how does it work? When does it make sense to apply for a short-term health insurance plan? In this short booklet we'll help you understand the benefits of short-term health insurance and introduce you to special factors you should consider before you apply.

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STEP 1 What Short-Term Health Insurance Is, and Isn't

Know what you're buying when it comes to short-term health insurance. In this section, we'll look at some of the key features of short-term health plans and see how they stack up to traditional major medical plans.

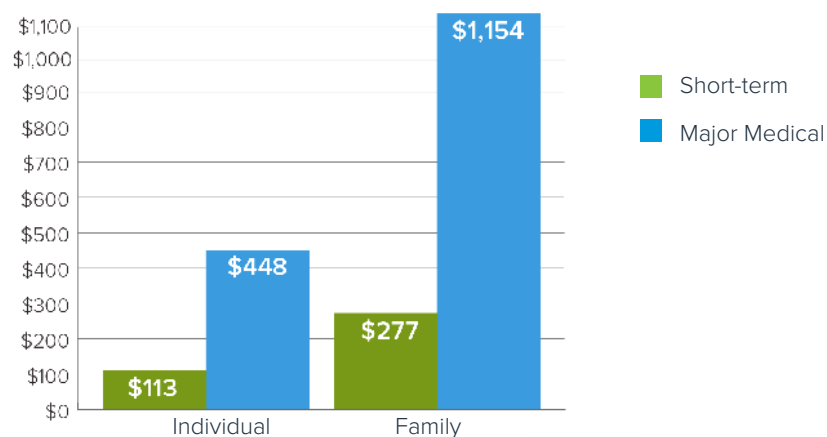
Short-term insurance is intended for temporary coverage

Since October 2018, federal rules have allowed short-term health plans to offer coverage for up to 12 months at a time, and made it possible for insurers to renew the coverage for up to 36 months (three years). However, the maximum policy duration may vary by state. Your coverage will end when the term you selected is finished, though you may be able to apply for an additional term of coverage after your first term is complete.

Short-term insurance is affordable

Compared to traditional major medical coverage, short-term plans tend to be relatively affordable. Between November 1 and December 15, 2018, the average monthly premiums for short-term plans selected by consumers at eHealth were \$113 for individuals and \$277 for families.

Average Monthly Premiums: Short-Term vs Major Medical Coverage *



Short-term insurance is limited

Short-term health insurance is primarily intended to provide you with valuable protection against out-of-pocket costs in case of unexpected injury or hospitalization. Short-term plans may not cover prescription drugs and typically do not cover maternity care or care for pre-existing medical conditions. Short-term plans typically place a dollar limit on how much the insurer will pay for covered medical services while you're enrolled. In most cases this limit resets with every new policy term, though some insurers set a lifetime coverage maximum.

Short-term insurance doesn't meet Affordable Care Act standards

The federal law called the Affordable Care Act (ACA) - otherwise known as "Obamacare" - introduced new rules into the health insurance market, requiring all major medical plans to provide specific benefits and requiring most Americans to have coverage. These rules do not apply to short-term health plans.

Short-term insurance is not normally guaranteed

When applying for short-term coverage it is possible to be declined based on your personal medical history. However, you can apply for short-term coverage year-round, and some short-term plans may be "guaranteed issue," which means insurers typically won't decline your application based on your medical history.

Notes

* Average premiums based on plans selected by eHealth shoppers at eHealth.com between November 1 and December 15, 2018.

Short-Term Insurance Compared to Obamacare Major Medical Insurance

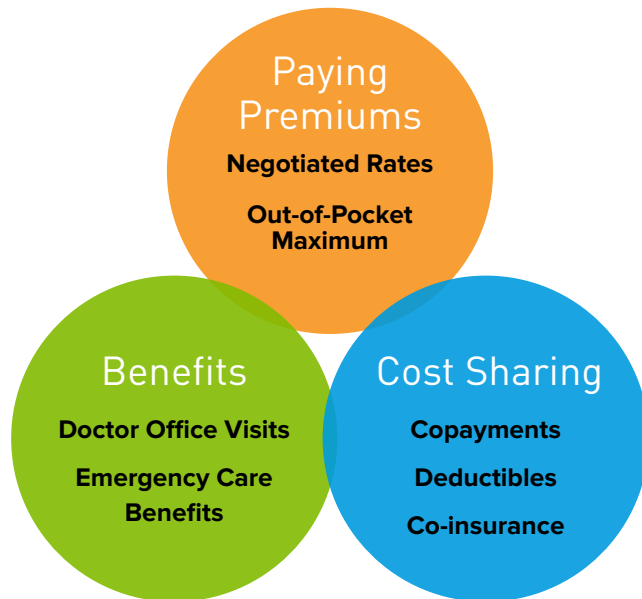
	Major Medical Coverage	Short-Term Coverage
 1. When can coverage start?	Usually within 2 - 6 weeks	Usually within 1 - 14 days
 2. Can I buy it year-round at any time?	No	Yes
 3. Can my application be declined because of pre-existing conditions?	No	Yes
 4. Will it cover maternity care?	Yes	Most plans do not
 5. Will it cover some prescription drugs?	Yes	Many cover prescription drugs in hospital but not retail prescription drugs
 6. Will it cover visits to the doctor?	Yes	Yes, but typically not for pre-existing conditions or other exclusions
 7. Will it cover things like hospitalization due to injury or serious illness?	Yes	Yes, but typically not for pre-existing conditions or other exclusions
 8. Can it be purchased with a government subsidy?	Yes, if you qualify	No
 9. Does it have a dollar limit on total benefits that may be paid by the plan?	No	Yes
 10. Can I renew it every year, as long as the plan is available?	Yes	No, but you can re-apply up to two or three times
 11. How long will my coverage last?	Until you or your insurer cancels the plan	Up to a maximum of one year in most states
 12. How much does it cost?	\$448 per month on average for people who don't qualify for subsidies (see eHealth report)	\$113 per month on average, based on national average of plans selected at eHealth

This chart only provides general information about plan types. Information about Obamacare major medical plans is subject to change. The specific details of any particular plan can vary. You should always check the plan details to review any specific plan's benefits, limitations, exclusions, and other terms of coverage.

How Short-Term Health Insurance Works

Short-term coverage mostly works like to other forms of health insurance coverage. In exchange for your monthly premiums, you get protection against covered medical costs. In this section we'll look at how short-term health insurance works and explain when cost-sharing applies.

The three pillars of a short-term health insurance plan



What do you get for paying monthly premiums?

Negotiated Rates: Some short-term plans (but not all) utilize health insurance networks of covered doctors and hospitals. When you visit an in-network medical care provider you benefit from discounted rates for the care you receive.

Out-of-pocket Maximum: Depending on the kind of care you receive, and on your plan, you may need to make a copayment or pay for certain services out-of-pocket (toward your deductible or coinsurance, for example). Your plan's out-of-pocket maximum is the most you could potentially have to pay toward covered medical services

before the insurer pays in full for all the covered medical care you receive, up to the coverage maximum. If your plan includes copays for things like office visits, these copays typically do not count toward your out-of-pocket maximum.

Coverage Maximum: Most short-term health insurance plans put a limit on the total amount of coverage they will provide. Your plan's coverage maximum is the upper limit of your coverage for qualifying medical services. In most cases this maximum resets with a new policy; some carriers, however, use lifetime maximums that do not reset.

What benefits are provided to you by your short-term plan?

Doctor Office Visits: Sick visits to your doctor are typically covered by short-term plans, though a copayment or an annual deductible may apply. Some plans may limit the number of visits covered with only a copay or exclude certain types of doctor visits.

Emergency Care Benefits: If you receive emergency care, but are not admitted to the hospital, some plans will pay a set dollar amount for different types of emergency care, like visits to the ER or trips in an ambulance. Some plans have co-payments for these types of care, or may only pay a percentage of the cost.

Hospitalization: Though cost-sharing may apply, short-term plans are primarily designed to provide you with coverage in case of a serious accident or unexpected injury. Coverage for hospitalization may vary by plan and may be capped at a specific dollar amount. Cost-sharing (copayments, deductibles, and coinsurance) will vary by plan.

What forms of cost sharing to short-term plans involve?

Copayments: Some covered medical services may require you to make a copayment, which is a set dollar amount you contribute toward the total bill. Most plans will cover any remaining costs in excess of the copay, but some may require cost-sharing of fees in excess of the copay amount.

Deductibles: All short-term plans include a deductible, which is a set dollar amount up to which all claims are paid by the policyholder. Once this amount has been reached, remaining claims are subject to coinsurance.

Coinsurance: Some short-term plans involve another form of cost sharing known as coinsurance. When you pay coinsurance, you're typically paying a certain percentage of the cost for a covered medical procedure, while the insurer pays the rest.

Understanding Cost Sharing

Like major medical health insurance plans, short-term plans involve various forms of cost-sharing. The monthly premium you pay to maintain your coverage is not a form of cost-sharing, but copayments, deductibles, and coinsurance are. The maximum dollar amount you may be required to pay for covered services is known as your maximum out-of-pocket amount or coverage maximum.

Your Copayment

Copayments are specific dollar amounts (\$20, for example) that you may need to pay for prescription drugs or certain kinds of office visits. Copayments typically do not count towards maximum out-of-pocket limits.

Your Deductible

The deductible is a specific dollar amount (\$3,500, for example) that you must first contribute toward the cost of covered medical services before the health insurance company begins to pay.

Your Coinsurance

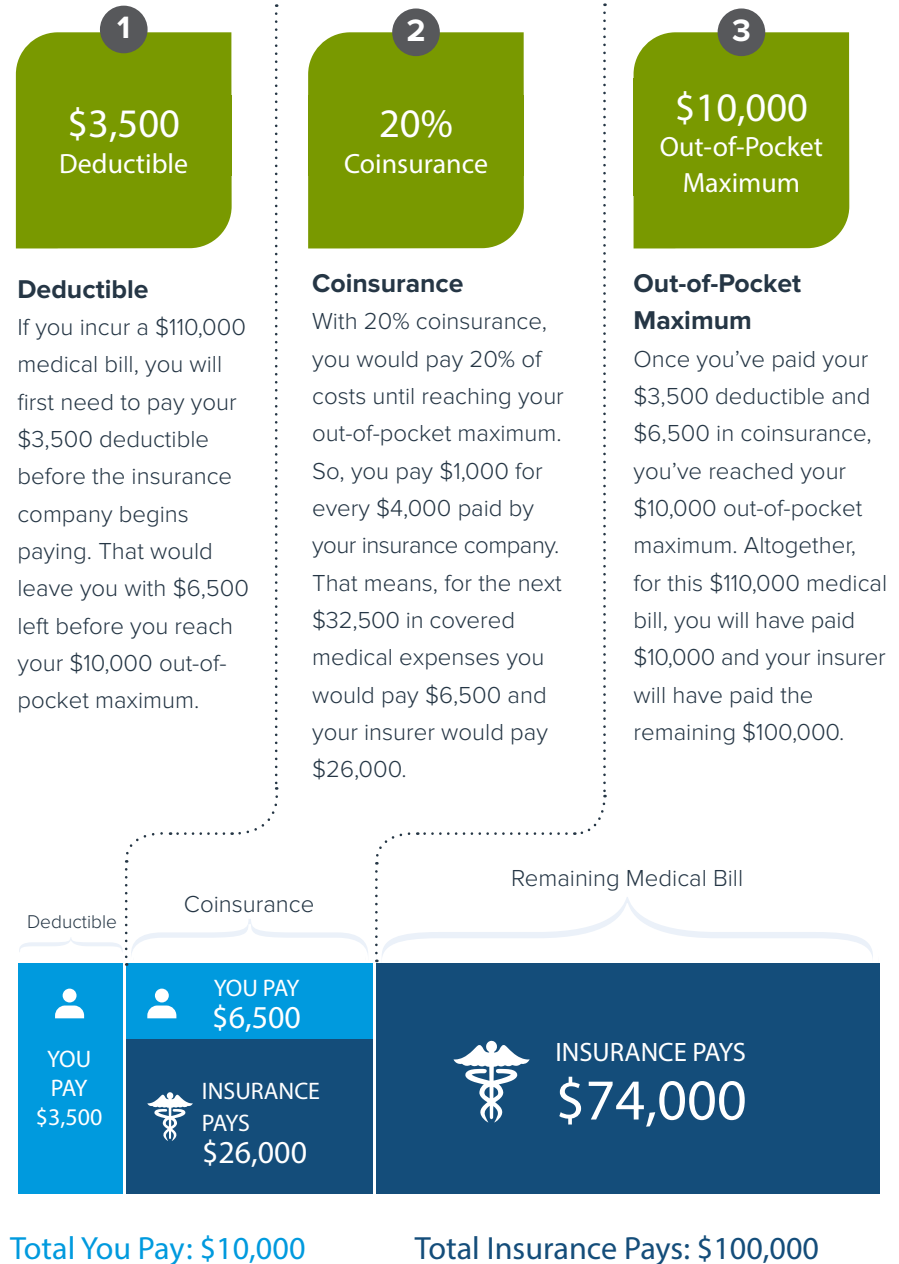
Coinsurance (pronounced “co-insurance”) is a form of cost-sharing that often comes into play after you’ve met your deductible. Coinsurance is usually expressed as a percentage of the total covered amount. If your coinsurance is 20%, that means the insurer covers the remaining 80%.

Your Out-of-pocket Maximum

This is the most you could be called upon to pay out-of-pocket towards covered medical expenses during your coverage term. After you’ve contributed \$10,000 between your deductible and coinsurance, for example, the insurer may pick up the rest of the bill for covered services.

Here is an example of how insurance cost-sharing works:

Let’s assume you have a health plan with a \$3,500 deductible, 20% coinsurance, and a \$10,000 out-of-pocket maximum.



STEP
3

When to Consider Short-Term Health Insurance

Is short-term health insurance the right choice for you? In this section we'll examine three big reasons why consumers sometimes choose short-term health plans.

When you need coverage for a short period of time

The Affordable Care Act created an annual open enrollment period when anyone can buy major medical health insurance. If you need temporary health coverage outside of open enrollment but you haven't had a qualifying life event, short-term coverage can be a good option to meet your coverage needs. Short-term coverage can also protect you while you're waiting for employer-based coverage to begin.




- Outside of Open Enrollment**
 Those without a qualifying life event may apply for short-term health insurance.
- 2020 Open Enrollment Period**
 The 2020 open enrollment period is subject to change but is scheduled to run Nov. 1, 2019 through Dec. 15, 2019. During this period anyone can apply for major medical health insurance.


When you haven't experienced a qualifying life event

During Obamacare open enrollment periods, anyone can sign up for traditional major medical insurance. However, outside open enrollment periods, you must experience a "qualifying life event," such as marriage, the birth of a child, loss of employer-based coverage, etc. before you can enroll in major medical coverage. If you need health insurance now, but haven't experienced a qualifying life event, short-term health insurance is a good option.


Here are a few examples of qualifying life events:



Marriage



Birth of a child



Loss of employer-based coverage

When traditional major medical coverage is too expensive

The cost of major medical health insurance can be prohibitive, even for some people qualifying for subsidies. If the price of traditional major medical coverage is unaffordable for you, short-term health insurance may provide a temporary alternative that still offers you some coverage at a lower cost.



SHORT-TERM
AVERAGE PREMIUM: **\$113**
(in 2018)

MAJOR MEDICAL
AVERAGE PREMIUM: **\$448**
(in 2018)

Answers to Common Questions About Short-Term Health Insurance



“ **What if I’m declined when I apply for short-term coverage?** ”

Unlike major medical health insurance, it is possible to be declined for short-term coverage based on your medical history. If you are declined, a licensed agent can help you understand what other options may still be open to you.

“ **How do I use my short-term plan?** ”

If your plan has a provider network, any doctor in the plan’s network should accept your card. Contact the insurer or your licensed agent if you have a problem. If your plan does not have a provider network, you should be able to see almost any doctor you like. However, you’ll typically need to submit your medical bills to the health insurance company for reimbursement. In this case, you may need to set up a payment plan or defer payment with the doctor until your claim is reimbursed.

“ **How do I know if my doctor accepts my plan?** ”

Some short-term plans limit you to specific doctor networks, but many don’t. If you have a preferred doctor, look up your doctor to see if he or she is part of the plan’s network before you apply. Call the doctor’s office to confirm that they are in-network for your particular plan.

“ **How do I cancel my short-term coverage?** ”

When you apply for short-term coverage you will typically indicate how long you want your coverage to continue, after which it will cancel automatically. If you need to cancel early, contact the insurance company or your licensed agent and let them know.

“ **What if I need to extend my coverage at the end of my term?** ”

If you want to extend your short-term coverage you will typically be required to apply again at the end of your current term. If you want to re-apply for coverage under the same short-term plan, note that you may be limited to two or three consecutive terms only. Some insurers may allow you to apply for multiple consecutive terms (up to 36 months in total) with a single application. While you won’t have to re-qualify between policies, you may still be subject to pre-existing condition limitations. Be sure you understand these limitations before applying – ask a licensed agent for help if needed.

IMPORTANT NOTICE ABOUT SHORT-TERM PLANS:

Short-term health insurance plans are not qualified health plans under the Affordable Care Act (ACA or “Obamacare”) and do not meet the coverage and benefit requirements of the ACA. You cannot receive a subsidy (premium tax credit and/or cost-sharing reduction) under the ACA in connection with your purchase of short-term health insurance.

Short-term health insurance plans are generally less expensive than qualified health plans under the ACA (also called major medical health insurance), but do not offer the same level of coverage. Short-term health insurance plans are intended for people who do not want or cannot afford major medical insurance or who want a temporary form of limited coverage before they obtain major medical health insurance. Among other limitations and exclusions, short term health insurance plans generally do not cover pre-existing conditions (health and other conditions that exist at the time of application) or the minimum essential coverage of the ACA (benefits such as mental healthcare, pregnancy and childbirth, preventive care, etc.).

Short-term health insurance plans are limited in duration and you will stop receiving benefits when the plan expires. Plan duration and whether you can renew or buy a new plan after plan expiration depend on the plan you choose and the laws in your state. After a short-term plan expires, you must reapply to receive further benefits. If you are accepted for an additional term under a short-term health insurance plan, the plan’s deductible and other amounts may reset so that amounts paid (or the satisfaction of conditions) under the initial plan are ignored. Similarly, whether you have pre-existing conditions will generally be determined anew as of your approval under the new application. Insurance companies and state laws limit the number of times a short-term insurance policy may be renewed and may restrict your ability to apply for more than one consecutive short-term health insurance plan. Please review the plan details and policy terms for the maximum coverage period allowed by the plan you select.

Purchasing a short-term insurance plan will make you ineligible for any guaranteed-issue individual health plans commonly referred to as HIPAA plans. Please consult your benefits advisor to discuss your rights under the Health Insurance Portability and Accountability Act (HIPAA) and other rights under state law.

To Learn More

We hope this brief booklet answered some of your questions about short-term health insurance coverage. To learn more about short-term health plans and your personal coverage options, visit eHealth online at eHealth.com.



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