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Consumer Advisory – Is a Short-Term Medical Plan for You?

Buying a policy to cover unexpected medical expenses can be confusing, especially if you have never bought your own health insurance before. One option that is available is a short-term medical plan. Before you purchase this type of plan, it is important that you understand what it covers and how it works.

What is a Short-Term Medical Plan?

A short-term medical plan is a non-renewable health plan that is issued for a maximum period of less than three months. Short-term medical plans may have lower premiums as a direct result of offering less coverage. You should carefully consider the benefits you need before agreeing to purchase a short-term medical plan. Also, you should carefully consider other types of health insurance, such as a policy that provides longer term coverage, more benefits and/or for which you may qualify for tax credits through the Maryland Health Connection to help pay the premium. Please see more information about the Maryland Health Connection below.

Who Sells Short-Term Medical Plans?

Short-term medical plans are available from “admitted” insurance companies (i.e. companies authorized to sell insurance in Maryland) and surplus lines insurance companies. Admitted insurance companies, which are regulated by the Maryland Insurance Administration (MIA), are subject to Maryland’s insurance laws and the policies they issue may be protected by the Maryland Life & Health Insurance Guaranty Corporation. For more information on the Maryland Life & Health Insurance Guaranty Corporation, go to www.mdlifega.org/. A list of the admitted insurers that offer short-term policies can be found at:

<http://insurance.maryland.gov/Consumer/Documents/publicnew/carriersappinds-tmed.pdf>.

Surplus lines insurance companies can sell a short-term medical plan in Maryland only if the consumer cannot purchase a short-term medical plan from an admitted insurance company. Surplus lines insurance companies are not subject to the same laws as admitted insurance companies and are not subject to MIA oversight. Also, their policyholders do not have the protections provided by the Maryland Life & Health Insurance Guaranty Corporation. Additionally, a short-term medical plan offered by a surplus lines insurance company may only be sold to:

- (1) a United States resident who will be traveling to another country within 30 days of the effective date of coverage; or

- (2) a non-United States resident who is traveling to the United States within 30 days of the effective date of coverage for a purpose other than attending a Maryland college or university.

You should check with the MIA to confirm that the person trying to sell you a short-term medical plan is licensed. You can call the MIA at 800-492-6116 to check and to ask general questions about health insurance.

Tips on Buying Health Insurance

Insurance companies that sell Affordable Care Act (ACA) health plans to individuals are required to accept all applicants who apply during the annual open enrollment period. ACA health plans are required to cover pre-existing conditions and include certain minimum benefits that are called “minimum essential benefits” in the Affordable Care Act. For more information about what the minimum essential benefits include, see:

<http://insurance.maryland.gov/Consumer/Documents/publicnew/essentialbenefitschart.pdf>.

ACA health plans may be purchased through the Maryland Health Connection. In order to purchase a health plan through the Maryland Health Connection, you must be a Maryland resident, not be incarcerated for purposes other than incarceration pending disposition, and be either a United States citizen, a United States National or lawfully present in the United States.

The open enrollment period for the ACA health plans typically runs from November 1st through December 15th. You may not enroll in an ACA health plan outside of the open enrollment period unless you have a major life event (for example – you have a baby, you get married, etc.) or you meet special circumstances. To find out more about the qualifying major life events or special circumstances, go to:

www.marylandhealthconnection.gov/faqs/.

You may also be able to obtain coverage through Medicaid or Maryland Children's Health Program (MCHP) outside of the open enrollment period. Go to www.marylandhealthconnection.gov/faqs/ to find out more.

The Maryland Health Connection is Maryland’s health insurance marketplace. If you apply for a policy through the Maryland Health Connection (or a producer who works with the Maryland Health Connection), your income may qualify you to receive a tax credit to reduce your premium. You may also qualify for help reducing your deductible. You can call the Maryland Health Connection at 855-642-8572 for more information.

If you are outside the open enrollment time period, do not have a qualifying major life event, or do not otherwise meet the special circumstances, then you may want to purchase a short-term medical plan. Before you purchase this type of policy, however, it is important that you understand what it covers and how it works. You should read the policy or other materials carefully before you purchase it and ask the insurance company to explain anything that you do not understand.

What does a Short-Term Medical Plan Cover and Not Cover?

If you are considering buying a short-term medical plan, please carefully consider whether the plan provides the coverage that you need and want. For example:

- Short-term medical plans are not required to meet the “minimum essential coverage” requirements under federal law. Thus, depending upon the specific plan, it may or may not include coverage for certain health related services such as preventive services.
 - In Maryland, short-term medical plans **are not required to** cover mental health services, outpatient prescription drugs, substance abuse treatment or maternity care.
- Generally you will only be able to buy a short-term medical plan if you can satisfy the medical underwriting criteria. This means that you will be required to answer a number of health-related questions that show you are in good health. If you do not answer the questions on the application truthfully, you could be denied coverage or lose coverage after you file a claim.
- The short-term medical plans usually do not pay benefits for pre-existing conditions.
 - This means that if you had an accident or a sickness before the short-term medical plan starts, the plan will **not** pay for any medical expenses related to your “pre-existing condition(s).”
 - It also means that if you are pregnant when you purchase the short-term medical plan, the short-term medical plan will **not** cover medical expenses associated with your pregnancy.
- Short-term medical plans are **not** renewable.
 - This means that when your current short-term medical plan ends and you want to buy a new one, you will have to complete a new application and again answer a number of health-related questions in order to satisfy the medical underwriting criteria.
 - It also means that if the company decides to issue you a new short-term medical plan, the new short-term medical plan will **not** cover any health conditions that you developed while covered under the prior short-term medical plan. These conditions will be considered pre-existing to the current short-term medical plan.
- The short-term medical plan may have an annual or lifetime limit on benefits. This limit means that if you have a serious illness or major accident, the policy may not cover all of your expenses.

<http://insurance.maryland.gov/Consumer/Pages/Legal-Disclaimer.aspx>