Federal Agencies Announce Nonenforcement Policy for Short-term, Limited-duration Insurance

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On Aug. 7, 2025, the Departments of Labor, Health and Human Services, and the Treasury (Departments) announced they **do not intend to prioritize enforcement actions** related to the current regulatory definition of "short-term, limited-duration insurance" (STLDI).

STLDI is a type of health insurance coverage designed to fill temporary gaps in coverage when an individual transitions from one plan or coverage to another. STLDI generally has higher out-of-pocket costs and covers fewer services than traditional health coverage. STLDI is exempt from the definition of "individual health insurance coverage" and, therefore, is not subject to the Affordable Care Act's requirements for comprehensive coverage and certain other consumer protections.

Previously, the Departments defined STLDI as coverage with an initial contract period of **less than 12 months and a maximum total duration of up to 36 months**, including renewals and extensions.

2024 Final Rule

A final rule was issued on April 3, 2024, that narrowed the definition of STLDI, among other changes. Effective for coverage periods beginning on or after Sept. 1, 2024, the final rule limited the length of the initial contract period to no more than **three months and the maximum coverage period to no more than four months**, taking into account any renewals or extensions. In addition, the final rule:

- Prohibited a practice known as "stacking, where the same insurer issues multiple STLDI policies to the same policyholder within a 12-month period; and
- Amended the consumer notice requirement to further clarify the differences between STLDI and comprehensive coverage and identify options for consumers to obtain comprehensive coverage.

New Nonenforcement Policy

On Feb. 19, 2025, President Donald Trump issued an executive order directing federal agencies to review regulations and identify those that may impose undue burdens on small businesses or impose significant costs upon private parties that are not outweighed by public benefits. Consistent with this directive, the Departments announced they are considering amendments to the current regulatory definition of STLDI.

Until new rules are issued and applicable, the Departments will not prioritize enforcement actions for violations related to failing to meet the definition of STLDI in the 2024 final rule, including the notice provision. The Department of Health and Human Services encourages states, which are the primary regulators of their insurance markets, to adopt a similar approach to enforcement.

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