

August 7, 2025

STATEMENT OF U.S. DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
AND THE TREASURY REGARDING SHORT-TERM, LIMITED-DURATION INSURANCE

On April 3, 2024, the Departments of Labor, Health and Human Services (HHS), and the Treasury (the Departments) issued final rules titled, “Short-Term, Limited-Duration Insurance and Independent, Noncoordinated Excepted Benefits Coverage” (2024 final rules).¹ The 2024 final rules, in relevant part, amended the definition of “short-term, limited-duration insurance” for purposes of its exclusion from the definition of “individual health insurance coverage” in section 2791(b)(5) of the Public Health Service Act (PHS Act), 26 CFR Part 54, 29 CFR Part 2590, and 45 CFR Part 144.^{2,3} Short-term, limited-duration insurance is generally exempt from the individual market requirements of the PHS Act and the Affordable Care Act (ACA).

Executive Order (EO) 14219, titled “Ensuring Lawful Governance and Implementing the President’s ‘Department of Government Efficiency’ Deregulatory Initiative,” among other things, directs Federal agencies to review regulations to identify those that may impose undue burdens on small businesses or significant costs upon private parties that are not outweighed by public benefits.⁴

Consistent with EO 14219, the Departments intend to exercise their authority under the Internal Revenue Code, the Employee Retirement Income Security Act, and the PHS Act to undertake notice-and-comment rulemaking to consider the need for amendments to the regulatory definition of “short-term, limited-duration insurance.”

Until future rulemaking is issued and applicable, the Departments do not intend to prioritize enforcement actions for violations related to failing to meet the definition of “short-term, limited-duration insurance” in the 2024 final rules, including the notice provision. HHS encourages States to adopt a similar approach to enforcement. HHS will not, during this period, consider a State to be failing to substantially enforce the relevant individual market requirements under the PHS Act or ACA where a State adopts a similar approach to enforcement or, where applicable, applies its State law definition of “short-term, limited-duration insurance.”

¹ 89 FR 23338 (Apr. 3, 2024).

² The definition of “short-term, limited-duration insurance” is also relevant for purposes of section 2746 of the PHS Act (relating to reporting and disclosure of agent and broker compensation).

³ The definition of individual health insurance coverage (and its exclusion of short-term, limited-duration insurance) has some limited relevance with respect to certain provisions that apply to group health plans and group health insurance issuers over which the Departments of Labor and the Treasury also have jurisdiction. For example, an individual who loses coverage due to moving out of a health maintenance organization (HMO) service area in the individual market precipitates a special enrollment right into a group health plan. *See* 26 CFR 54.9801–6(a)(3)(i)(B), 29 CFR 2590.701–6(a)(3)(i)(B), and 45 CFR 146.117(a)(3)(i)(B).

⁴ 90 FR 10583 (Feb. 25, 2025).