



DOA:.....Lessner, BB0376 - Short-Term, Limited Duration Plan Regulation

## FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

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### *Analysis by the Legislative Reference Bureau*

#### INSURANCE

##### *Short-term, limited duration plan coverage requirements*

This bill sets certain coverage requirements on individual health plans that are short-term, limited duration plans. Under current law, a short-term, limited duration plan is individual health benefit plan coverage that is marketed and designed to provide short-term coverage as a bridge between other coverages and that has a term of not more than 12 months and an aggregate term of all consecutive periods of coverage that does not exceed 18 months. Under current law, an insurer generally must renew individual health coverage at the option of the insured, but an insurer is not required to renew a short-term, limited duration plan.

The bill requires an insurer that offers a short-term, limited duration plan to accept every individual who applies for coverage, regardless of whether the individual has a preexisting condition. The bill also prohibits a short-term, limited duration plan from imposing a preexisting condition exclusion. Under current law, a short-term, limited duration plan may impose a preexisting condition exclusion, but the plan must reduce the length of time of the exclusion by the aggregate duration of the insured's consecutive periods of coverage. Under current law, a preexisting condition exclusion is a period of time during which a plan will not cover a medical condition for which the insured received some medical attention before the effective date of coverage.

Under the bill, an insurer that offers a short-term, limited duration plan may not vary premium rates for a specific plan except on the basis of 1) whether the plan covers an individual or a family; 2) area in the state; 3) age; and 4) tobacco use, as specified in the bill. An insurer that offers a short-term, limited duration plan is prohibited under the bill from establishing rules for the eligibility of any individual to enroll based on certain health status-related factors, which are specified in the bill, and from requiring an enrollee to pay a greater premium, contribution, deductible, copayment, or coinsurance amount than is required of a similarly situated enrollee based on a health status-related factor. Under the bill, a short-term, limited duration plan may not establish lifetime limits or limits for the

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duration of the coverage on the dollar value of benefits for an enrollee or a dependent of an enrollee under the plan.

Finally, the bill reduces the maximum allowable term of a short-term, limited duration plan from 12 months to three months and reduces the maximum aggregate duration from 18 months to six months.

This proposal may contain a health insurance mandate requiring a social and financial impact report under s. 601.423, stats.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

**SECTION 1.** 628.34 (3) (a) of the statutes is amended to read:

628.34 (3) (a) No insurer may unfairly discriminate among policyholders by charging different premiums or by offering different terms of coverage except on the basis of classifications related to the nature and the degree of the risk covered or the expenses involved, subject to ss. 632.365, 632.728, 632.729, 632.746 ~~and~~, 632.748, and 632.7496. Rates are not unfairly discriminatory if they are averaged broadly among persons insured under a group, blanket or franchise policy, and terms are not unfairly discriminatory merely because they are more favorable than in a similar individual policy.

\*\*\*\*NOTE: This is reconciled s. 628.34 (3) (a). This SECTION has been affected by drafts with the following LRB numbers: 25-1659/P2 and 25-0814/P1.

**SECTION 2.** 632.7495 (4) (b) of the statutes is amended to read:

632.7495 (4) (b) The coverage has a term of not more than ~~12~~ 3 months.

**SECTION 3.** 632.7495 (4) (c) of the statutes is amended to read:

632.7495 (4) (c) The coverage term aggregated with all consecutive periods of the insurer's coverage of the insured by individual health benefit plan coverage not required to be renewed under this subsection does not exceed ~~18~~ 6 months. For

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purposes of this paragraph, coverage periods are consecutive if there are no more than 63 days between the coverage periods.

**SECTION 4.** 632.7496 of the statutes is created to read:

**632.7496 Coverage requirements for short-term plans. (1) DEFINITION.**

In this section, “short-term, limited duration plan” means an individual health benefit plan described in s. 632.7495 (4).

**(2) GUARANTEED ISSUE.** An insurer that offers a short-term, limited duration plan shall accept every individual in this state who applies for coverage regardless of whether the individual has a preexisting condition.

**(3) PROHIBITING DISCRIMINATION BASED ON HEALTH STATUS.** (a) An insurer that offers a short-term, limited duration plan may not establish rules for the eligibility of any individual to enroll, or for the continued eligibility of any individual to remain enrolled, under a short-term, limited duration plan based on any of the following health status-related factors with respect to the individual or a dependent of the individual:

1. Health status.
2. Medical condition, including both physical and mental illnesses.
3. Claims experience.
4. Receipt of health care.
5. Medical history.
6. Genetic information.
7. Evidence of insurability, including conditions arising out of acts of domestic

violence.

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## 8. Disability.

(b) An insurer that offers a short-term, limited duration plan may not require any individual, as a condition of enrollment or continued enrollment under the short-term, limited duration plan, to pay, on the basis of any health status-related factor described under par. (a) with respect to the individual or a dependent of the individual, a premium or contribution or a deductible, copayment, or coinsurance amount that is greater than the premium or contribution or deductible, copayment, or coinsurance amount respectively for a similarly situated individual enrolled under the short-term, limited duration plan.

(4) **PREMIUM RATE VARIATION.** An insurer that offers a short-term, limited duration plan may vary premium rates for a specific short-term, limited duration plan based only on the following considerations:

(a) Whether the short-term, limited duration plan covers an individual or a family.

(b) Rating area in the state, as established by the commissioner.

(c) Age, except that the rate may not vary by more than 3 to 1 for adults over the age groups and the age bands shall be consistent with recommendations of the National Association of Insurance Commissioners.

(d) Tobacco use, except that the rate may not vary by more than 1.5 to 1.

(5) **ANNUAL AND LIFETIME LIMITS.** A short-term, limited duration plan may not establish any of the following:

(a) Lifetime limits on the dollar value of benefits for an enrollee or a dependent of an enrollee under the short-term, limited duration plan.

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(b) Limits on the dollar value of benefits for an enrollee or a dependent of an enrollee under the short-term, limited duration plan for a term of coverage or for the aggregate duration of the short-term, limited duration plan.

**SECTION 5.** 632.76 (2) (ac) 3. (intro.) of the statutes is amended to read:

632.76 (2) (ac) 3. (intro.) Except as the commissioner provides by rule under s. 632.7495 (5), all of the following apply to an individual disability insurance policy that is a short-term ~~policy~~, limited duration plan subject to s. 632.7495 (4) and (5):

**SECTION 6.** 632.76 (2) (ac) 3. b. of the statutes is amended to read:

632.76 (2) (ac) 3. b. The policy ~~shall reduce the length of time during which a~~  
~~may not impose any~~ preexisting condition exclusion ~~may be imposed by the~~  
~~aggregate of the insured's consecutive periods of coverage under the insurer's~~  
~~individual disability insurance policies that are short term policies subject to s.~~  
~~632.7495 (4) and (5). For purposes of this subd. 3. b., coverage periods are~~  
~~consecutive if there are no more than 63 days between the coverage periods.~~

(END)