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Press Release

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The Division of Insurance Cautions Alaskans that Short-Term Health Insurance is not ACA Compliant

December 15, 2015 ANCHORAGE – The Division of Insurance has received a number of complaints from Alaska consumers regarding insurance solicitation by Health Insurance Innovations (HII). According to the consumer complaints, agents are allegedly presenting HII products as Affordable Care Act (ACA)-compliant insurance products. The Division of Insurance reviewed the policy documents provided by HII to consumers and determined that the insurance product being offered is actually short-term health insurance, which is not compliant with the ACA requirements for minimum essential coverage.

The Division of Insurance advises exercising caution when considering a short-term health insurance policy. While such a policy may fit a consumer's budget, short-term plans are designed to be used for brief periods of time, such as when a person is between jobs or newly graduated from school. Short-term plans are not held to the same benefit standards and do not have the same consumer protections as comprehensive health plans. When shopping for a short-term medical plan, consumers are encouraged to consider:

- Only licensed agents should be assisting you with the purchase of health insurance; make sure the company and agent you are working with are licensed in Alaska.
- A short term medical plan is not ACA compliant – there may be exclusions for services such as mental health, maternity, prescription drugs, and preventive care. There may also be lifetime and annual dollar limits.
- You may still owe a tax penalty for not having an ACA compliant plan – if you do not have a policy that is deemed minimal essential coverage for three months or more, you may have to pay a penalty on your taxes. Short-term health plans are not considered minimal essential coverage.
- You will likely be subject to pre-existing condition exclusions and/or waiting periods.
- Carefully review your answers on the application before submitting or signing any documents. False information provided regarding pre-existing conditions can later result in claims denials.
- Your policy is likely not renewable.
- If you are able to renew your policy, you will likely be subject to any waiting period or exclusion related to pre-existing conditions just as you were upon the initial purchase of the plan. Comprehensive health plans do not have these restrictions.

Health Insurance Innovations (HII) is an entity registered in Florida that is contacting consumers by telephone. The Division of Insurance records reflect that HII and agents known to be selling its products are not licensed in Alaska to sell insurance; their sales activities are in violation of Alaska licensing insurance statutes. The review by the Division of Insurance also noted that consumers purchasing products from HII were unknowingly purchasing membership in a non-insurance discount program called the Med-Sense Guaranteed Association.

Consumers are encouraged to contact the Division of Insurance with questions or to report suspected fraud. To talk with a consumer services representative, call 269-7900 (in Anchorage) or 1-800-INSURAK (outside of Anchorage).

The Division of Insurance, along with the Division of Banking and Securities, the Division of Corporations, Business and Professional Licensing, the Alcohol and Marijuana Control Office, and the Regulatory Commission of Alaska, is an agency housed within the Alaska State Department of Commerce, Community and Economic Development tasked with protecting consumers in Alaska. For additional information about the division, please visit commerce.alaska.gov/web/INS. For additional information about the Department of Commerce, Community and Economic Development and its other agencies, please visit commerce.alaska.gov.

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