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Final regulations: Definitions of short-term, limited-duration insurance and excepted benefits coverage

The U.S. Treasury Department and IRS—along with the Department of Labor and the Department of Health and Human Services—today released [final regulations](#) (T.D. 9990) that amend the definition of “short-term, limited-duration insurance” (STLDI), which is excluded from the definition of “individual health insurance coverage” under the Public Health Service Act. The final regulations also amend the requirements for hospital indemnity or other fixed indemnity insurance to be considered an excepted benefit in the group and individual health insurance markets.

The amendments in the final regulations are intended to more clearly distinguish STLDI and fixed indemnity excepted benefits coverage from comprehensive coverage, and increase consumer awareness of coverage options that include the full range of federal consumer protections and requirements.

The proposed regulations also included rules that would clarify the tax treatment of certain benefit payments in fixed amounts received under employer-provided accident and health plans that are paid without regard to the amount of medical expenses incurred (read [TaxNewsFlash](#)). However, the preamble to the final regulations states that more time is needed to study the issues and concerns raised by the comments received on those proposed rules, so they were not finalized in the final regulations.

The final regulations are effective on June 17, 2024.

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