

Admin Won't Enforce Limits On Short-Term Plans As It Drafts Rule To Scrap Biden-Era Policy

Aug 15, 2025, 12:31 PM EDT'-- Amy Lotven (alotven@iwpnews.com)

(Inside Health Policy)

The Trump administration affirmed it will be leveraging an executive order on deregulation to amend the Biden-era rule that limited the duration of short-term plans to no more than four months, and says it will not enforce the current rule, including the time restrictions and new consumer notification requirements, in the interim.

The administration had previously signaled plans to revise the short-term plan rule in a court filing this spring, but sources say the Aug. 7 statement from HHS, and the Departments of Labor and Treasury is the first they've heard about non-enforcement.

According to the memo, the decision for the administration to use its authority to amend the short-term rule is justified under the Executive Order 14219, "Ensuring Lawful Governance and Implementing the President's 'Department of Government Efficiency' Deregulatory Initiative," which directs agencies to identify regulations that may impose undue burdens on small businesses or significant costs on private parties that are not outweighed by public benefits.

"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," the memo says. HHS also encourages states to adopt the same approach.

Katie Berge, director of federal affairs for the Leukemia & Lymphoma Society (LLS), which strongly backed the Biden-era rule, says by declaring non-enforcement of the regulations so close to an open enrollment season already filled with uncertainty, the administration is clearly showing how unserious it is about helping Americans struggling with health care costs.

Short-term, limited duration health plans do not have to adhere to Affordable Care Act requirements, like guaranteed issue or coverage of the 10 essential health benefits, and are less expensive than comprehensive coverage. Many stakeholders and Democratic lawmakers consider the coverage “junk” due to its narrow benefits that can leave consumers who get sick with large medical bills, but many Republican lawmakers and experts believe short-term plans are a valid option for some consumers and the government should not eliminate choice.

While states generally regulate the individual insurance market, the federal government has authority over the ACA market -- and the rules over sale and duration of short-term plans have ping-ponged since 2016 when the Obama administration finalized a rule that limited the duration of the plans to three months. The first Trump administration reversed that policy, finalizing a rule in 2018 that let contracts run for up to three years. In April 2024, the Biden administration reversed it again, finalizing a rule that defines short-term, limited duration plans as those that run no more than four months, including renewals.

Months later, the American Association of Ancillary Benefits challenged the final rule in the U.S. District Court of Texas, Sherman, claiming that it violates the Administrative Procedure Act in various ways.

In February, the Trump administration’s Department of Justice asked the court to put the case on hold to give the administration time to evaluate the government’s position and determine the best way to proceed. The court extended the hold through mid-May, while also asking DOJ to tell the court the results of its review of the case, and next steps.

In a May 19 motion, DOJ said the Tri-agencies intend to use notice and comment rulemaking to amend the Biden rule. But, given the many regulatory priorities competing for resources,” DOJ said it could not estimate when the rulemaking would be complete.

DOJ then requested the case remain on hold through Nov. 19.

The AAAB strongly opposed DOJ’s request to keep the case on ice for another six months, calling it an “indulgence” that would perpetuate harm to the plaintiffs, and to consumers that are unable to purchase longer duration coverage. The motion also says the DOJ failed to consider the impacts of the One Big Beautiful Bill Act, arguing that the

“anticipated spending and subsidies cut by Congress will leave a void in the health insurance market, which can be filled, in large part, by STLDI plans.”

The Biden rule has made those plans functionally useless and only eliminates options for those who cannot afford unsubsidized ACA plans or quality for Medicaid, AAAB argued.

The court on June 2 said that despite AAAB’s claims, the DOJ did satisfy its instruction to provide guidance on its rulemaking plans. It partially granted the DOJ’s request for an extension, but only for 90-days, until Aug. 28, and also demanded the government provide more information on the substance and timeline of the rulemaking.