

FLORIDA HEALTH INSURANCE ADVISORY BOARD

February 12, 2015

Kevin McCarty, Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399

Dear Commissioner McCarty,

On behalf of the Florida Health Reinsurance Program operating as the Florida Health Insurance Advisory Board, I am pleased to submit the Board's legislative recommendations for improvements in Florida's private health insurance market.

The Board, established under Section 627.6699(11), Florida Statutes, provides a forum for stakeholders in Florida's private health insurance market including insurers, employers, agents, consumers and regulators to discuss and develop strategies related to market stability, access and pricing. To achieve its purpose, the Board held meetings in Tallahassee and via teleconference in 2014 and early 2015. Board members were asked to submit recommendations based on their experiences in the marketplace which the group discussed and debated having reached consensus on the items included with this letter.

The Board does not propose specific legislation, but provides recommendations for consideration in health insurance market legislation. The attached report is being submitted to the Office of Insurance Regulation as provided for in Florida Statutes, with copies to the President of the Senate and the Speaker of the House, as well as being provided to other state agencies and stakeholders for reference.

A listing of current Board members is also attached. Please feel free to contact me if you have any questions or would like to discuss further.

Sincerely,



Michelle L. Newell
Executive Director

Enclosures

Florida Health Insurance Advisory Board

2015 Legislative Recommendations

1) Certificates of Creditable Coverage (COC).

- Health insurers are no longer allowed to impose pre-existing condition exclusions. This prohibition makes the current rules requiring plans to provide certificates of creditable coverage unnecessary. As of December 31, 2014, federal law no longer requires issuers and group health plans to issue COCs.
- Recommendation: Revise the state laws to align with federal law and eliminate the requirement. This will result in reduced administrative expenses.
- References: 627.6561; 641.31071, F.S., F.A.C. 69O-154.110, F.A.C. 69O-191.039

2) Guaranteed Renewability.

- Federal law requires issuers to provide 90 day discontinuance at the *product* level. The state law requires a 90 day notice whenever a *policy form* or plan is discontinued.
- This means that when a member's policy form or plan is discontinued insurers must send a 90 day state notice of discontinuance. Since this does not qualify as a federal discontinuance insurers must also provide a CMS renewal notice. The two notices (renewal and discontinuance) create confusion due to the inconsistent messaging and timing of the notices.
- Recommendation: Align state law with the new federal law. This will reduce member confusion with multiple notices in the marketplace. This will also result in reduced administrative expenses.
- References: 627.6425(3); 627.6571(3); 641.31074(3), F.S.

3) Outline of Coverage (OOC).

- State law requires an outline of coverage to be provided to all individual policyholders. The ACA requires a Summary of Benefit of Coverage (SBC) to also be provided to all members. In addition to the SBC and OOC, members receive a benefit booklet, schedule of benefit, benefit summaries and other collateral. The use of multiple documents for individuals creates confusion and is unnecessary.
- Recommendation: Eliminate the OOC requirement under state law. This will reduce member confusion by reducing the number of documents they receive. It will also decrease the number of OIR form filings from insurers and will result in reduced administrative expenses.
- Reference: 627.642, F.S.

4) Standard and Basic.

- FL law requires insurers to offer small group Standard and Basic health plans. These plans' benefits do not comply with the ACA market reforms.
- Recommendation: Eliminate the requirements under state law related to Standard and Basic.
- Reference: 627.6699 (12), F.S.

5) Small Group Community Rating Report

- Semiannually small group carriers are required to report to OIR information that enables them to monitor the relationship of aggregate adjusted premiums actually charged to policyholders by each carrier to the premiums that would have been charged by application of the carrier's approved modified community rates.
- Recommendation: Eliminate this report as it requires substantial resources and does not provide meaningful information with the implementation of PPACA.
- Reference: 627.6699 (6)(B)5, F.S.

6) Employee Only Coverage in Small Group Plans.

- Current Marketplace Issue: In the small group market, under most employer-sponsored group health plans, employers subsidize the employee's premium but spouse/dependent coverage are offered under the plan completely at the employee's expense, with no employer contribution. In the new environment, it would be advantageous to have the option of not offering spouse/dependent coverage in small group, because the offer of coverage to a spouse and dependents, regardless of the affordability of that coverage, negates the ability of the spouse and dependents to qualify for subsidized coverage in the Marketplace (Exchange). The Affordable Care Act (ACA) does not require that small groups offer spouse or "dependent" coverage. However, in the small group market, carriers have never given small groups the option of not offering spouse/dependent coverage. The option of offering "employee only" coverage is required for carriers participating in the Small Business Health Options Program (SHOP) Marketplace (Exchange).
- Recommendation: The Board is recommending that small group employers be specifically allowed the option to offer "employee only" coverage in the open market as is permitted in the Marketplace (Exchange). This will allow consistency between the Marketplace (Exchange) and open markets and allow spouses and dependents to obtain coverage in the Marketplace (Exchange) where they may qualify for a subsidy, since their coverage is not subsidized by employers in most cases.

7) Small Group Hours Eligibility Criteria

- Current Marketplace Issue: Employers in the small group market are required to offer coverage to employees at 25 hours under Florida law and the ACA requires coverage be offered at 30 hours. As a result, modest income employees may not be able to avail themselves of the benefit of the exchanges and subsidies. It also requires employers to maintain compliance with multiple standards. Absent comprehensive marketplace data and in order to insure a new coverage gap is not created, the Board makes the following provisional recommendation.
- Recommendation: In the event the Legislature expands Medicaid, establish the standard eligibility for coverage at 30 hours and allow eligibility to 25 hours at the employers discretion.

8) PPO Balance Billing

- Current Marketplace Issue: While there is a prohibition against balance billing for the Florida Health Maintenance Organization (HMO) market, there is no such prohibition for the commercial Preferred Provider Organization (PPO) market.
- Recommendation: For the Legislature to address consumer issues arising from balance billing in the PPO market for transitional and emergency services similar to the HMO market.

FLORIDA HEALTH INSURANCE ADVISORY BOARD

January 1, 2015

Kevin M. McCarty, Chair

Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399
850-413-5914
FAX: 850-488-3334
kevin.mccarty@flor.com
Office of Insurance Regulation

W. Adam Clatsoff, Vice Chair

President/CEO
Adcahb Medical Coverages, Inc.
3000 N.W. 101 Lane
Coral Springs, FL 33065
800-243-2326 ext. 1200
FAX: 877-329-2326
adam@adcahb.com
Term Ending: 12/31/2016
Agent

Molly McKinstry

Deputy Secretary
Division of Health Quality Assurance
Florida Agency for Health Care Admin.
2727 Mahan Drive, Mailstop #2
Tallahassee, FL 32308
850-412-4334
FAX: 850-922-2897
molly.mckinstry@ahca.myflorida.com
Agency for Health Care Administration

Leah Barber-Heinz

Chief Executive Officer
Florida CHAIN
PO Box 7823
St. Petersburg, FL 33734
MOBILE: 850-294-6087
leahb@floridachain.org
Term Ending: 12/31/2015
Individual Policyholder

Joan L. Galletta

Employee Benefits Consultant
J.P. Perry Insurance
3342 Kori Road
Jacksonville, FL 32257
904-482-1671
FAX: 904-900-2222
MOBILE: 904-614-0633
jgalletta@jpperry.com
Term Ending: 12/31/2018
Agent

Dale Hedrick

President
Hedrick Brothers Construction
2200 Centrepark West Drive, Suite 100
West Palm Beach, FL 33409
561-689-8880
FAX: 561-689-8860
drh@hedrickbrothers.com
Term Ending: 12/31/2013
Employers or Employer Representatives

William "Bill" Herrle

Executive Director
NFIB
110 East Jefferson Street
Tallahassee, FL 32301
850-681-0416
FAX: 850-561-6759
MOBILE: 850-728-7356
Bill.Herrle@nfib.org
Term Ending: 12/31/2018
Employers or Employer Representatives

Brad Bentley

Senior Vice President
Underwriting, Actuarial & Reg. Affairs
AvMed Health Plan
4300 NW 89th Blvd.
Gainesville, FL 32606
352-337-8760
Brad.Bentley@avmed.org
Term Ending: 12/31/2018
Carrier

Christopher A. Ciano

President, Florida Market
Aetna/Coventry of Florida
1340 Concord Terrace
Sunrise, FL 33323
954-858-3489
FAX: 954-858-3479
cciano@aetna.com
Term Ending: 12/31/2016
Carrier

John J. Matthews

Regional General Counsel, Southeast
UnitedHealthcare
4560 Grove Park Drive
Tallahassee, FL 32311
FAX: 866-480-7774
MOBILE: 850-443-6996
John.J.Matthews@uhc.com
Term Ending: 12/31/2018
Carrier

Mark S. McGowan

Senior Counsel, Legal Affairs Division
Florida Blue
4800 Deerwood Campus Pkwy, 100-7
Jacksonville, FL 32246-8273
904-905-6570
FAX: 904-905-9873
MOBILE: 904-923-2545
mark.mcgowan@bcbsfl.com
Term Ending: 12/31/2018
Carrier

Tamara Meyerson

President/CEO
Preferred Medical Plan, Inc.
4950 SW 8th Street, Suite 403
Coral Gables, FL 33134
305-648-4000
FAX: 305-447-4959
tmeyerson@pmpm.com
Term Ending: 12/31/2018
Carrier

Rick Wallace

President/CEO
FAB and FAMOS, LLC
PO Box 10437
Tallahassee, FL 32302
850-727-4809
MOBILE: 850-879-2649
Rick@teamwallace.org
Term Ending: 12/31/2016
Employers or Employer Representatives

Maria S. Wells, ABR, CRB, SFR, SRES

Owner/Broker
LifeStyle Realty Group
955 SE Federal Highway, Suite 102
Stuart, FL 34994
772-781-2345
FAX: 772-781-8631
Maria@LifestyleRealtyGroup.com
Term Ending: 12/31/2016
Employers or Employer Representatives