

# Patient Protection & Affordable Care Act (PPACA)

House Health & Human Services Committee  
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Deputy Commissioner - Life & Health

# PPACA Overview

- Guaranteed issue
- Prohibition on rating for gender or pre-existing medical condition
- Compression ratio for age rating (3-to-1)
- Essential Health Benefits
- Employer mandate - delayed one year/two years
- Individual mandate - “delayed for certain individuals”
- PPACA taxes and fees
- Exchange subsidies for 100% - 400% of poverty level
- Transitional plans authorized to be renewable until October 2016



# SB 1842 --- Primary Provisions

- Rate filings informational for Major Medical products during plan years 2014/2015
- Dissolution of Florida Comprehensive Health Association (FCHA)
- Allows bifurcation of non-grandfathered/grandfathered plans
- Authorized a State/Federal Collaborative Arrangement
- Different pooling for grandfathered/non-grandfathered plans
- September 1, 2013 - PPACA premium notice requirement



# Collaborative Arrangement

## **OIR reviews all form and rate filings**

- Establishes compliance with Florida laws and rules
- Identifies issues with Federal laws and regulations
- Notifies the U.S. Department of Health & Human Services (HHS) if filer does not voluntarily remedy potential federal non-compliance

## **OIR conducts Market Conduct investigation or exams**

- Establishes compliance with Florida laws and rules
- Identifies issues with Federal laws and regulations
- Notifies HHS if insurer does not voluntarily remedy potential federal non-compliance



# Average Individual Market Premiums

2013	2014	2015	Percentage Change
\$234	\$364	\$412	76.1%

## 2013

- Varied Benefit Scope
- 98% Health Underwritten

## 2014/2015

- Minimum Essential Coverage
- Guaranteed Issue

• Source - 2013 GAP Report, 2014/15 PPACA Rate Filings



# Centers for Medicare & Medicaid Services (CMS) Rules Issued in 2014

## PPACA Exchange and Insurance Market Standards for 2015 and Beyond

- Established fixed indemnity as secondary products
- Addressed federal and state navigator regulation
- Product withdrawal and modifications
- Coordinated Health Insurance Portability and Accountability Act (HIPAA) and PPACA
- Clarified premium stabilization programs
- Civil money penalty clarifications
- Technical changes to Minimum Loss Ratio calculations



# CMS Rules Issued in 2014 (continued)

## Summary of 2016 Benefit Payment and Parameters Rule

- Modifications to premium stabilization programs
- New cost sharing maximums
- Federally-facilitated Exchange (FFE) User fee
- Enhanced transparency and effectiveness of rate review program
- Modified rules for minimum essential coverage
- New open enrollment period
- Minor amendments to Small Business Health Options Program (SHOP) provisions
- Enhanced Summary of Benefits
- Marketplace suppression guidelines
- Network adequacy modifications



# Market Update

Individual Market			
	Carriers		Premium Increase
	2014	2015	
<b>On-Exchange</b>	11	14	13.5%
<b>Off-Exchange Only</b>	6	7	0.0%

Small Group Market			
	Carriers		Premium Increase
	2014	2015	
<b>On-Exchange</b>	5	6	11.4%
<b>Off-Exchange Only</b>	15	13	5.7%



# Enrollment by Market 2013 vs. 2014

	<b>12/31/13</b>	<b>8/31/14</b>
<b>Individual</b>	814,531	1,561,919
<b>Small Group</b>	746,408	604,871

- Source - 12/31/13 Accident & Health Markets Gross Annual Premium & Enrollment (GAP) Report , 8/31/14 Office Data Call
- For GAP Data – Conversion is considered individual; Sole Proprietor-Group of one considered to be small group



# Individual Market Enrollment By Product Type - 2014

	<b>PPACA Compliant</b>	<b>Transitional</b>	<b>Grandfathered</b>	<b>Total</b>
<b>Total</b>	1,008,057	409,206	144,656	1,561,919
<b>On-Exchange</b>	850,351	N/A	N/A	850,351
<b>Off-Exchange</b>	157,706	409,206	144,656	711,568

• Source - Based on Office Data Call (as of August 31, 2014)



# Small Group Market Enrollment By Product Type - 2014

	PPACA Compliant	Transitional	Grandfathered	Total
Total	108,042	326,432	170,397	604,871
On-Exchange	459	N/A	N/A	459
Off-Exchange	107,583	326,432	170,397	604,412

• Source - Based on Office Data Call (as of August 31, 2014)



# Sample Individual Market Premiums & Net Costs

## Sumter County – Silver Plan

Individual		Off-Exchange Only	On-Exchange		
		Average Premium/ Net Cost	Average Premium	Subsidy	Net Cost
Age 28 \$27,000/yr. income	2014	\$303	\$252	\$32	\$219
	2015	\$307	\$288	\$75	\$214
	% Change	1%	15%	132%	-3%

Family		Off-Exchange Only	On-Exchange		
		Average Premium/ Net Cost	Average Premium	Subsidy	Net Cost
2 Aged 40 Adults 2 Children \$51,000/yr. income	2014	\$1,067	\$886	\$417	\$469
	2015	\$1,081	\$1015	\$567	\$448
	% Change	1%	15%	36%	-4%



# Sample Individual Market Premiums & Net Costs

## Hillsborough County – Silver Plan

Individual Age 28		Off-Exchange Only	On-Exchange		
		Average Premium/ Net Cost	Average Premium	Subsidy	Net Cost
\$27,000/yr. income	2014	\$267	\$251	\$37	\$220
	2015	\$287	\$270	\$32	\$238
	% Change	7%	5%	-14%	8%

Family 2 Aged 40 Adults 2 Children		Off-Exchange Only	On-Exchange		
		Average Premium/ Net Cost	Average Premium	Subsidy	Net Cost
\$51,000/yr. income	2014	\$941	\$905	\$435	\$470
	2015	\$1,010	\$949	\$417	\$533
	% Change	7%	5%	-4%	13%



# Sample Individual Market Premiums & Net Costs

## Miami-Dade – Silver Plan

Individual		Off-Exchange Only	On-Exchange		
		Average Premium/ Net Cost	Average Premium	Subsidy	Net Cost
Age 28 \$27,000/yr. income	2014	\$319	\$305	\$60	\$245
	2015	\$309	\$308	\$47	\$261
	% Change	-3%	1%	-20%	7%

Family		Off-Exchange Only	On-Exchange		
		Average Premium/ Net Cost	Average Premium	Subsidy	Net Cost
2 Aged 40 Adults 2 Children \$51,000/yr. income	2014	\$1,123	\$1072	\$514	\$559
	2015	\$1,086	\$1085	\$471	\$615
	% Change	-3%	1%	-8%	10%



# Sample Individual Market Premiums & Net Costs

## Brevard County – Silver Plan

Individual		Off-Exchange Only	On-Exchange		
		Average Premium/ Net Cost	Average Premium	Subsidy	Net Cost
Age 28 \$27,000/yr. income	2014	\$261	\$261	\$52	\$208
	2015	\$307	\$296	\$82	\$214
	% Change	17%	14%	57%	3%

Family		Off-Exchange Only	On-Exchange		
		Average Premium/ Net Cost	Average Premium	Subsidy	Net Cost
2 Aged 40 Adults 2 Children \$51,000/yr. income	2014	\$920	\$917	\$487	\$430
	2015	\$1,079	\$1042	\$592	\$450
	% Change	17%	14%	22%	5%



# How Premium Changes Affect Subsidies

## [Decline in Second-Lowest Silver Premium]

**Example:** A single person  
 Salary \$1,000 a month (100% of the poverty level)  
 Calculated premium payment - \$20 a month

2014

	Plan A	Plan B	Plan C
Rank	3 <sup>rd</sup> Lowest	2 <sup>nd</sup> Lowest	Lowest
Premium	\$300	\$250	\$225
Subsidy	\$230	\$230	\$230
Final Cost	\$70	\$20	\$0

2015

	Plan A	Plan B	Plan C
Rank	2 <sup>nd</sup> Lowest	3 <sup>rd</sup> Lowest	Lowest
Premium	\$230	\$250	\$225
Subsidy	\$210	\$210	\$210
Final Cost	\$20	\$40	\$15



# Questions?

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