

# Health Insurance Regulatory Responsibilities of the Office of Insurance Regulation

Health Innovation Subcommittee  
Florida House of Representatives

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# Office Mission

“Promote a stable and competitive insurance market for consumers.”



# Office Goals

- Promote markets with products providing fair coverage at adequate prices
- Protect public from illegal/unethical acts and practices
- Monitor/address insurer financial issues
- Operate efficiently and transparently



# Health Insurance Regulatory Framework

## Statutory Authority

### **Chapter 20, Florida Statutes - Organizational Structure:**

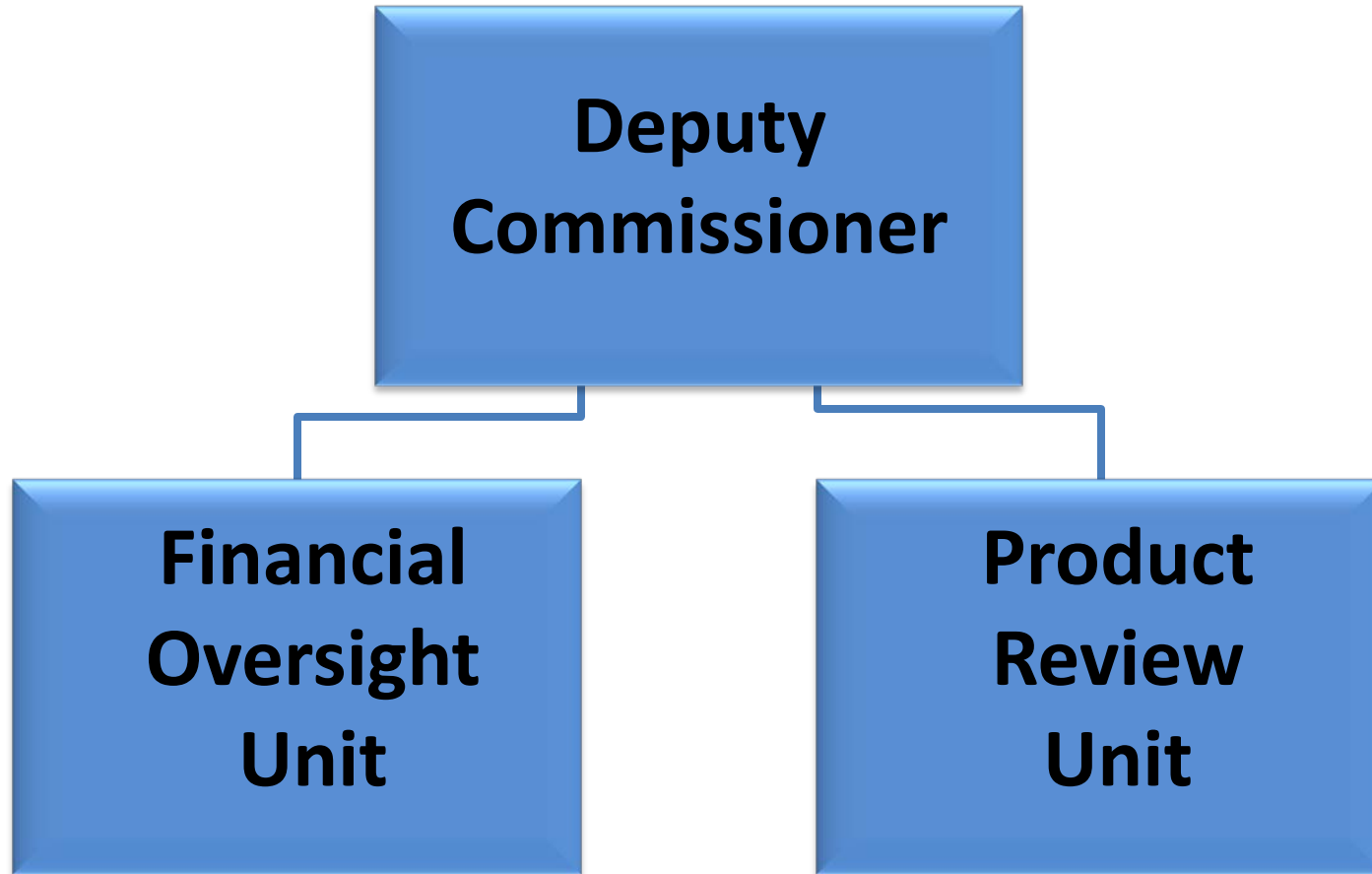
- Ch 20.121 – Financial Services Commission Authority

### **Chapters 624 – 651, Florida Statutes - Insurance Code:**

- Ch 624.307 – OIR and DFS General Powers
- Ch 624.401 – Licensing
- Ch 624.410 – Form and Rate Filing
- Ch 624.424 – Financial Reporting



# Life & Health Regulatory Structure



# Florida Health Insurance Market: Products

- Major Medical
- Other Pre-Paid Health Services
- Accident and Sickness
- Dental/Vision
- Disability Income
- Excess/Stop Loss
- Long-Term Care
- Medicare Supplement
- Other



# Florida Health Insurance Market

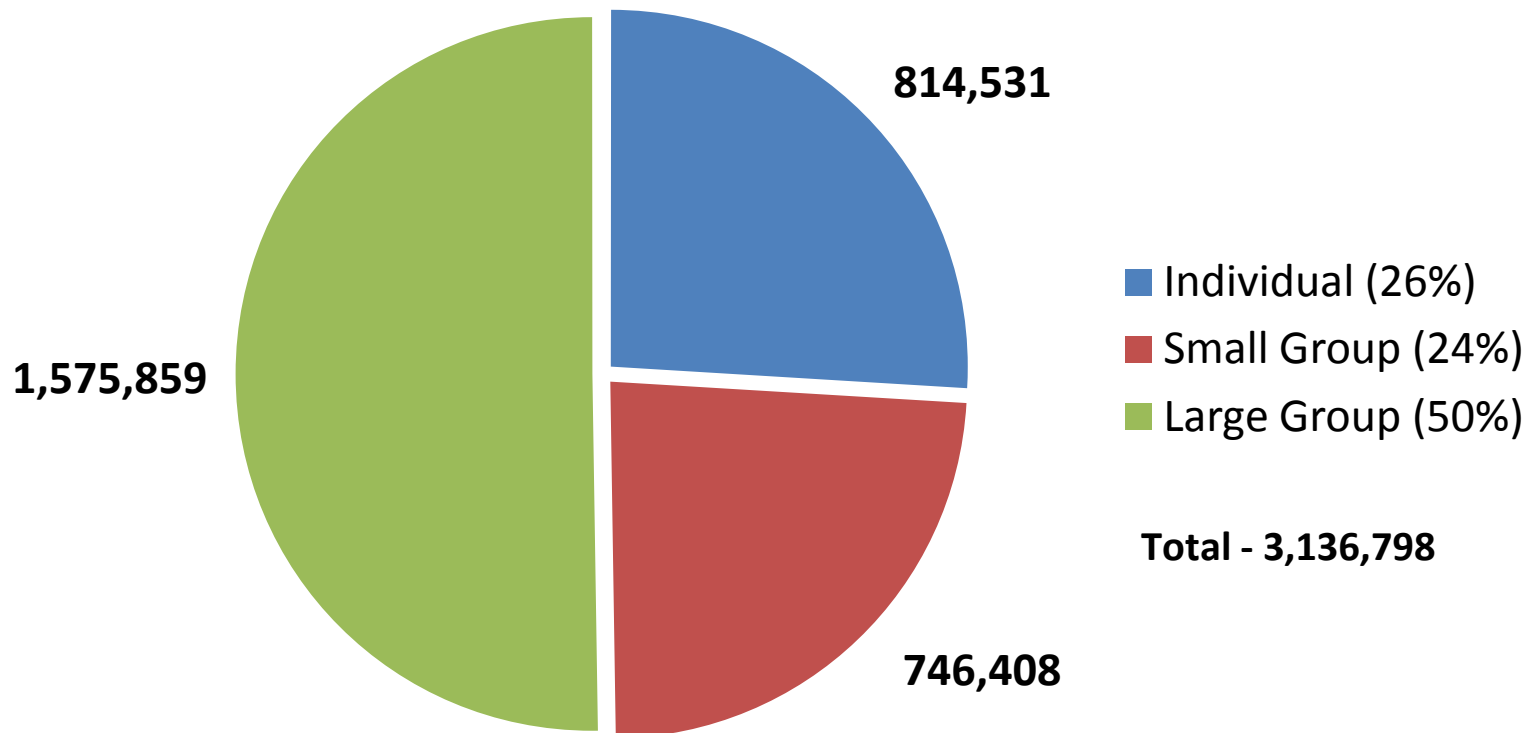
Regulated Entities (Authority Category)	Authorities
Health Insurers	448
Third Party Administrators	310
Continuing Care Retirement Communities	61
Discount Medical Plan Organizations	40
Health Maintenance Organizations	38
Fraternal Benefit Societies	36
Prepaid Limited Health Service Organizations/Prepaid Health Clinics	28

Source: Data used in CY 2013 NAIC Insurance Department Resources Report (compiled on 3/21/2014)



# Florida Health Insurance Market

## Major Medical Total Covered Lives 2013



Source: Florida Office of Insurance Regulation CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report





# Florida Health Insurance Market

## Major Medical Covered Lives: Individual Market

Market Segment	Covered Lives
<b>Individual</b>	
Individually Underwritten	795,593
Conversion	11,313
Guarantee Issue	7,625
<b>Total</b>	<b>814,531</b>



# Florida Health Insurance Market

## Major Medical Covered Lives: Group Market

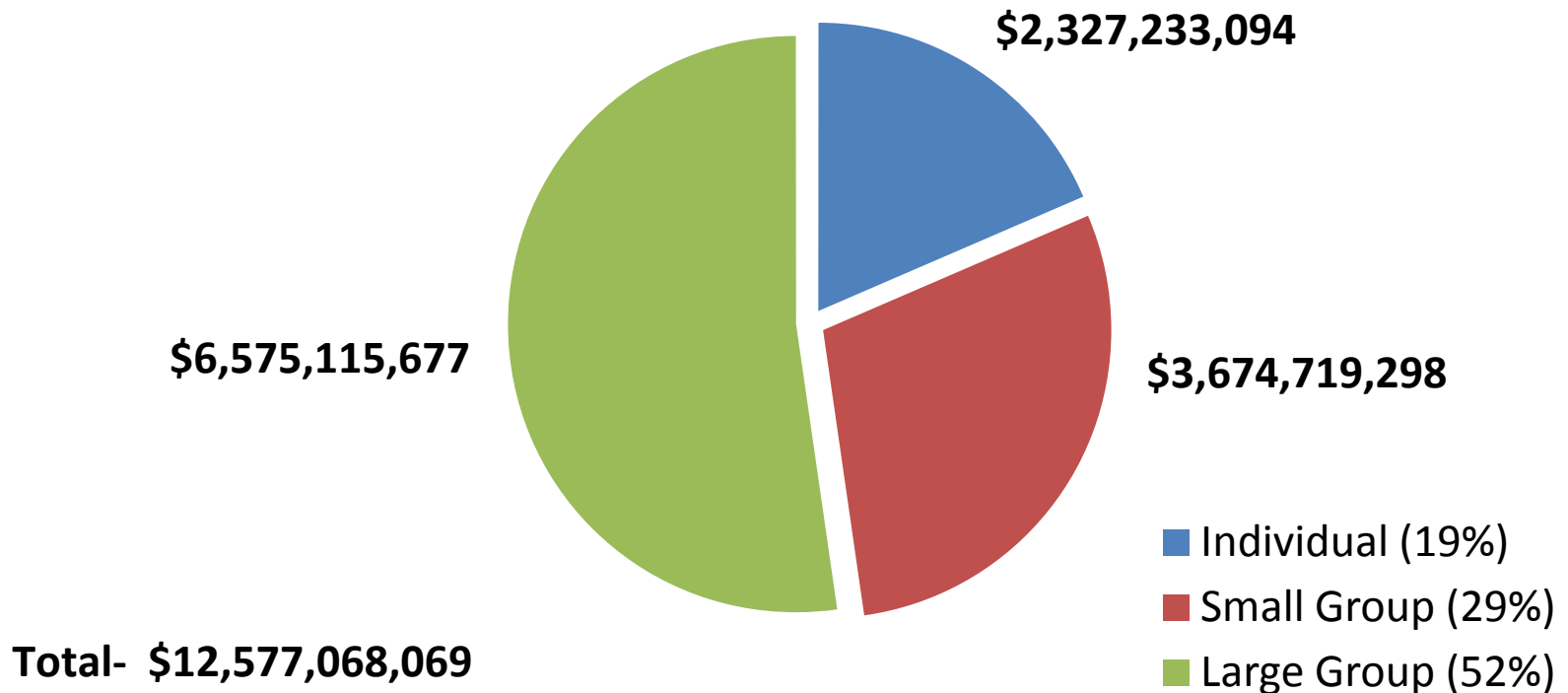
Market Segment	Total Groups	Covered Lives
<b>Small Group</b>		
Self-Employed/Sole Proprietor	6,902	10,956
2-50 Member Group	79,776	735,452
<b>Total</b>	<b>86,678</b>	<b>746,408</b>
<b>Large Group</b>		
51-100 Member Group	6,892	262,980
>100 Member Group	12,429	1,312,879
<b>Total</b>	<b>19,321</b>	<b>1,575,859</b>

Source: Florida Office of Insurance Regulation CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report



# Florida Health Insurance Market

## Major Medical Direct Earned Premium 2013



# Florida Health Insurance Market

## Major Medical Premium & Loss Ratio

### Individual Market

Market Segment	Earned Premium	Loss Ratio
<b>Individual</b>		
Individually Underwritten	\$2,150,210,044	74.5%
Conversion	\$113,604,552	144.3%
Guarantee Issue	\$63,418,498	103.7%



# Florida Health Insurance Market

## Major Medical Premium & Loss Ratio

### Group Market

Market Segment	Earned Premium	Loss Ratio
<b>Small Group</b>		
Self-Employed/Sole Proprietor	\$90,869,693	141.9%
2-50 Member Group	\$3,583,849,605	77.0%
<b>Large Group</b>		
51-100 Member Group	\$1,122,851,926	81.2%
101+ Member Group	\$5,452,263,751	83.1%

# Florida Health Insurance Market Concentration

## Total Accident and Health (CY 2013)

### Market Share:

- Top Writer 22.9%
- Top 5 Writers 50.8%
- Top 10 Writers 64.2%

### Herfindahl-Hirschmann Index:

- 846 (Competitive)

**Number of Companies: 396**

Source: Data used in the Florida Office of Insurance Regulation's CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report



# Florida Health Insurance Market Concentration

## Major Medical Only (CY 2013)

### Market Share:

- Top Writer 30.8%
- Top 5 Writers 64.1%
- Top 10 Writers 82.0%

### Herfindahl-Hirschmann Index:

- 1354 (Moderately concentrated)

### Number of Companies: 117

Source: Data used in the Florida Office of Insurance Regulation's CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report



# Life & Health Financial Oversight: Primary Duties

- Review license applications
- Review expansions into additional lines
- Monitor financial solvency
- Identify/address financial issues/trends
- Inter-state coordination





# Life & Health Financial Oversight: Filings

- Monthly, quarterly, and annual financial statements
- Audited financial statements
- Actuarial certifications



# Life & Health Financial Oversight: Reviews

## Types of Review:

- Financial Analysis (“desk review”)
- Financial Examination (“on-site review”)

## Scope/Process:

- Confirm assets and liabilities
- Interview corporate level officers
- Review internal control process
- Identify risks regarding business plan



# Life & Health Financial Oversight: Financial Examinations

**Location:** “On-site”

**Frequency:** At least once every five years

**Timeframe:** Up to 18 months

**Period Covered:** Preceding five fiscal years

**Number Completed:** 31 (2014)



# Life & Health Financial Oversight: Financial Analysis

**Location:** OIR (“desk” reviews)

**Frequency:** Every quarter

**Timeframe:** Based on priority level

**Period Covered:** Period covered by statement

**Number Completed:** 2,776 (2014)



# Life & Health Financial Oversight: Financially Troubled Companies

- Increase review priority
- Monthly reporting
- Corrective action plan
- Increase insolvency deposit
- Target exam
- Multistate coordination
- Administrative supervision
- Suspend or revoke license



# Life & Health Financial Oversight: Additional Reviews

- Dividend distributions
- Acquisitions or mergers
- New officers, directors or shareholders
- Service agreements and amendments



# Life & Health Product Review: Primary Duties

- Review rates
- Review forms



# Life & Health Product Review: Rate Review

## Florida is a “Prior Approval” State

- Approval required prior to use
- Small group and individual policies only
- Actuarial review of rates
- Compliance with Florida statutes/rules
- Rating factors
- Analysis factors





# Life & Health Product Review: Form Review

## Florida is a “Prior Approval” State

- Approval required prior to use
- All policy forms subject to prior approval
- Compliance with Florida statutes/rules



# Life & Health Product Review: 2014 Filings Processed

	Forms	Rates
<b>Total Filings</b>	<b>4,090</b>	<b>1,875</b>
Lowest Monthly Count	(Nov) 292	(Nov) 107
Highest Monthly Count	(Jan) 399	(Apr) 185



# Questions?

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