

Patient Protection & Affordable Care Act (PPACA) Overview

Senate Select Committee on PPACA

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Office of Insurance Regulation (Office) Objectives - PPACA

- Reduce uncertainty to help maintain a stable market
- Allow companies to expedite product approval
- Promote off-exchange competition
- Maintain consumer protection / transparency



Life & Health Product Review

Form Review - Florida is a Prior Approval State:

For all policy forms (large group, small group and individual)

- Determine compliance with Florida Statutes and Rules (e.g., policy contracts, enrollment forms, schedule of benefits)

Rate Review - Florida is a Prior Approval State:

For small group and individual policies

- Actuarial reviews of rate filings to ensure compliance with Florida Statutes and Rules

Examples of Rating Factors:

Age
Gender
Smoking status
Geographic location

Examples of Analysis Factors:

Historical loss experience
Medical trend
Insurance trend
Risk changes



Conflicts of Law

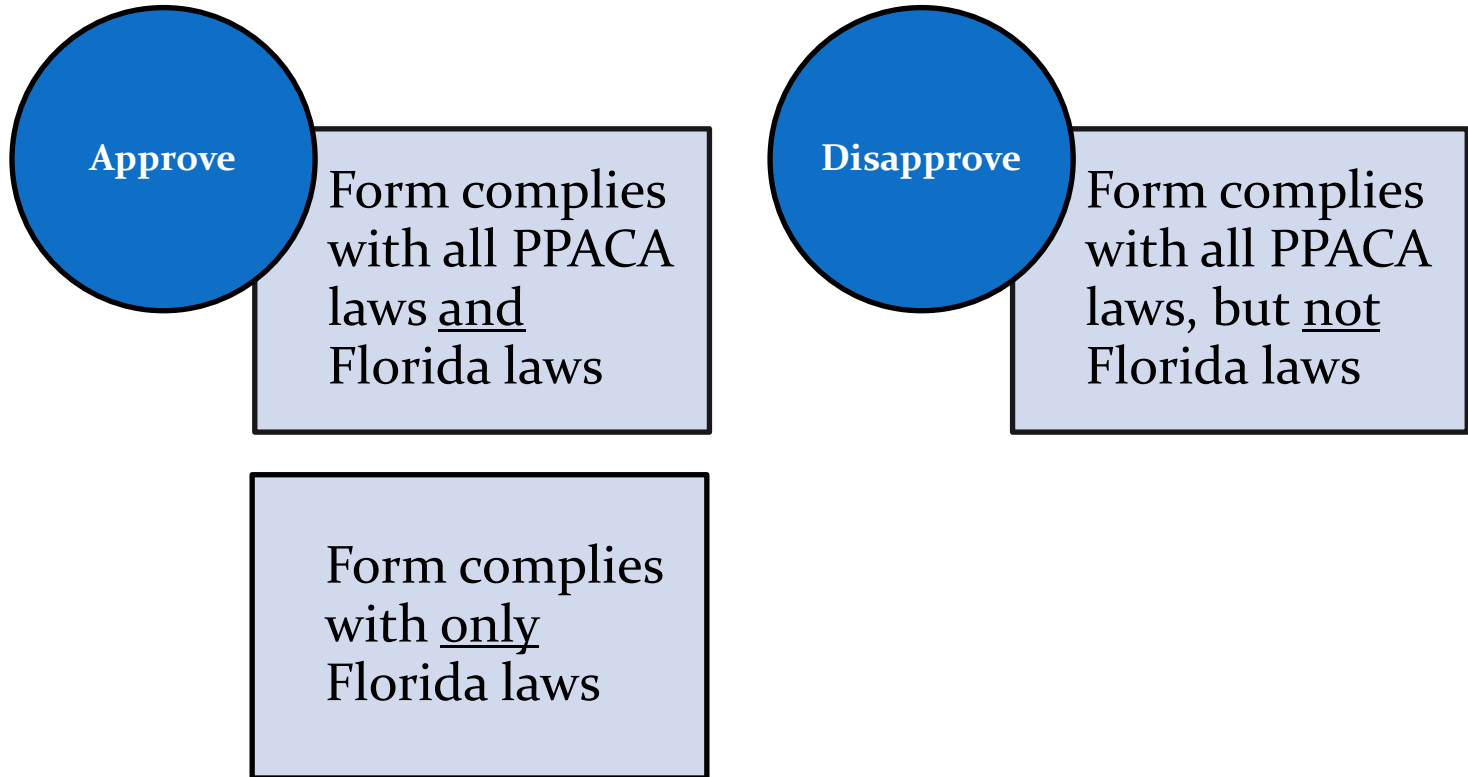
Issue	Florida	PPACA
Rating*		
Age Rating	Actuarially supportable - -- ratio is typically 7:1	Limited to 3:1
Gender Rating	Actuarially supportable - male/female rates different	Unisex rating
Forms		
Rescission Language	Rescissions 2 years unless fraud	No Rescissions unless fraud or misrepresentation
Dependents to Age 30	Must be offered to age 30 with restrictions	Up to age 26 – no restrictions

Relevant Statutes and Rules: Section 627.410(6)(a)&(b); Rule 690-149.005

Supplemental: Office of Insurance Regulation Review PPACA January 2013



Forms – Decision Matrix



Rate Review

- The Office may be preempted on the 3:1 compression ratio
- Statutory Basis for Review
 - Premiums are reasonable in relation to benefits
 - Rates cannot be excessive, inadequate or unfairly discriminatory

**Relevant Statutes and Rules: Section 627.410(6)(a)&(b); Rule 690-149.005*



Long-Term Options:

1. Expand Florida law to incorporate PPACA
 - Revise current statutes and rules
 - Resolve resource issues for current filings, reinstate review
 - Potential to better reflect new federal rulemaking
 - Future funding for technology enhancements and staff
2. Retain Florida law / Memorandum of understanding w/ federal government
 - Greater certainty in market for insurers and consumers
 - Still some potential litigation issues
 - OIR resource issues
3. Retain Florida law / Rely on federal preemption
4. Permanent exemption of form and rate review



Form Review Logistical Issues

Short timeline for exchange products

- March 28, 2013 – Companies may file products with Health & Human Services (HHS)
- May 1, 2013 – Companies submission deadline for products to be filed with HHS
- July 31, 2013 – HHS deadline for products to be approved

Filings Expected (March - July 2013)



Rate Review Logistical Issues

- New products without historical experience
 - New risk population
 - Uninsured
 - Pre-existing conditions

- Pent-up demand

- Federal risk redistribution programs



Short-Term Options:

1. Retain Florida law / Rely on federal preemption
 - Potential litigation issues
 - OIR resource issues
2. Short-term informational rate & form filing
3. Conforming legislation to retain form and rate review authority



Other Challenges: Filing Requirements

- Unique form & rate filing situation
 - 49 states use the System for Electronic Rate & Form Filing (SERFF) via the National Association of Insurance Commissioners (NAIC)
 - Florida uses the I-File System

- Public records issues

- State filing and Health Information Oversight System (HIOS) filings – Health and Human Services (HHS)

- Potential duplicate filing issue

