

# Patient Protection & Affordable Care Act (PPACA) Overview

Senate Select Committee on PPACA

February 18, 2013

Wences Troncoso

Life & Health Deputy Commissioner



# 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

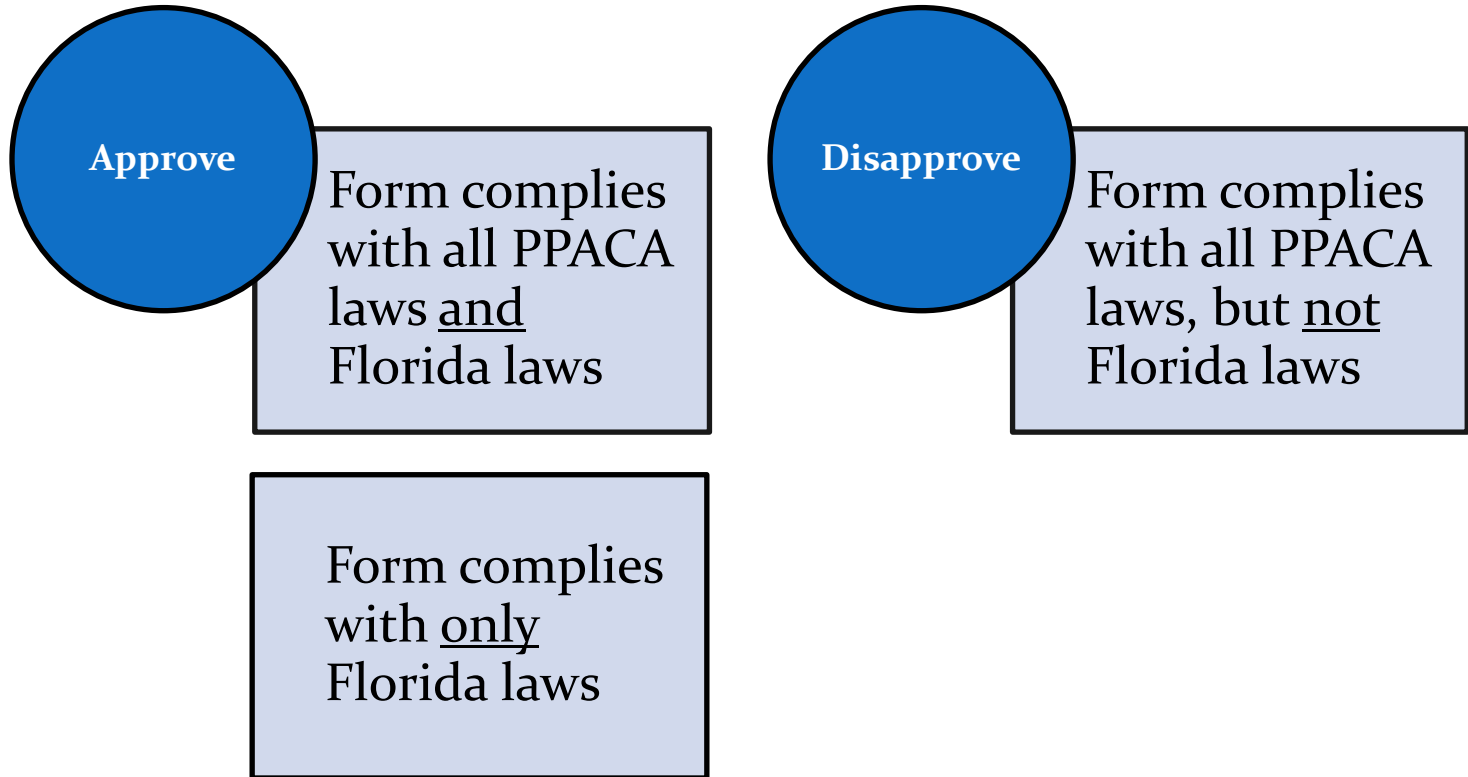
| Issue                | Florida   | PPACA  |
|----------------------|---|--|
| <b>Rating*</b>       |   |  |
| Age Rating           | Actuarially supportable -<br>-- ratio is typically 7:1      | Limited to 3:1   |
| Gender Rating        | Actuarially supportable<br>- male/female rates<br>different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

