



INFORMATIONAL MEMORANDUM

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Florida Office of Insurance Regulation

Kevin M. McCarty, Commissioner

RISK CORRIDORS RECEIVABLES AND STATEMENT OF STATUTORY ACCOUNTING PRINCIPLES NUMBER 107

The purpose of this memorandum is to notify health insurance issuers of the applicability of Statement of Statutory Accounting Principles (SSAP) Number 107 to receivables owed to a health insurance issuer pursuant to the risk corridors program as described in Section 1342 of the Affordable Care Act.

SSAP Number 107, Paragraph 56, discusses when a risk corridors receivable due to the reporting entity meets the definition of an admissible asset. Subparagraph e. indicates the following:

Evaluation of the collectibility of all amounts receivable from the risk corridors program shall be made for each reporting period. If, in accordance with SSAP No. 5R, it is probable that the risk corridors receivables are uncollectible, any uncollectible receivable shall be written off and charged to income in the period the determination is made. . . .

SSAP Number 5R, Paragraph 6, Subparagraph a., defines probable as "[t]he future event or events are likely to occur."

On October 1, 2015, the Center for Consumer Information and Insurance Oversight (CCIIO) issued a letter regarding the Risk Corridors Payment Proration Rate for 2014. In the letter, CCIIO announced that health insurance issuers would pay three hundred sixty-two million U.S. Dollars (\$362,000,000) in risk corridors charges and that issuers were due two billion eight hundred seventy million U.S. Dollars (\$2,870,000,000) in risk corridors payments for the 2014 plan year. Assuming full collections of risk corridors charges, CCIIO announced that there will be a 12.6 percent proration rate for risk corridors payments.

Based on the letter from CCIIO, the Office finds that it is probable that risk corridors receivables accrued during the 2014 plan year are uncollectible beyond 12.6 percent of the receivables calculated pursuant to Section 1342 of the Affordable Care Act. Therefore, any amount beyond 12.6 percent of the receivables calculated pursuant to Section 1342 of the Affordable Care Act shall be written off and charged to income in the period the determination is made.

Questions concerning this memorandum may be directed to:

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