

Patient Protection & Affordable Care Act (PPACA) Overview

House 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



Major Challenges

- Conflicts between federal/state law
 - Instances of PPACA having greater consumer protections
 - Instances of Florida having greater consumer protections
- Substance of Office form & rate reviews
- Potential resource issues



Major 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

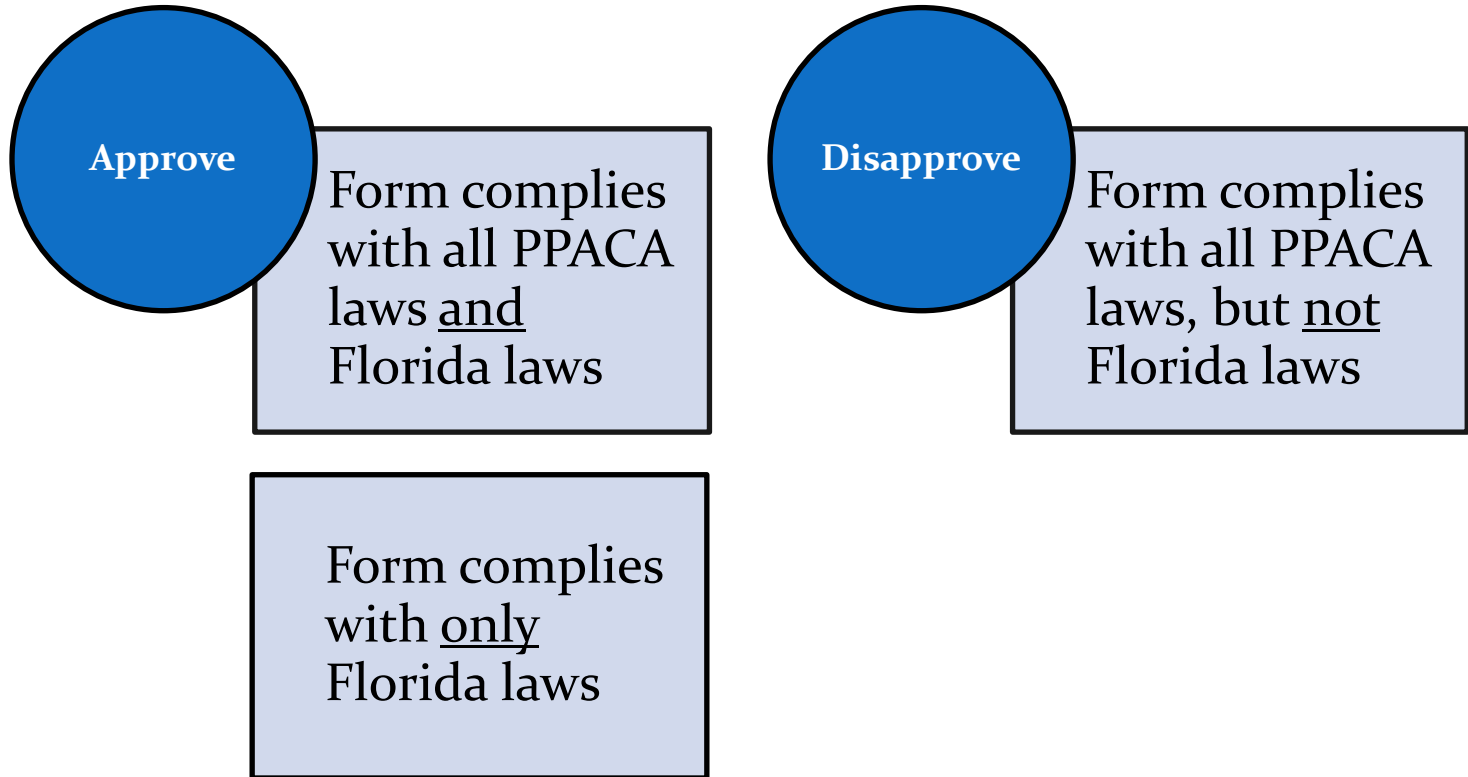
Relevant Statutes and Rules: Section 627.410(6)(a)&(b); Rule 690-149.005

Supplemental: Office of Insurance Regulation Review PPACA January 2013



Forms -- Current Regulatory Environment

[If Statutes/Rules are not changed]



Rates -- Current Regulatory Environment

[If Statutes/Rules are not changed]

Rate Review:

- Premiums are reasonable in relation to benefits
- Rates cannot be excessive, inadequate or unfairly discriminatory

Outcome:

Disapprove* based on conflicts with age/gender rating

**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
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

[If Office were to proceed with reviews]

Problem: 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

Influx of Filings March-July 2013

Outcome:

Approve* if beneficial Florida provisions are added



Rate Review Logistical Issues

[If Office were to Proceed with Reviews]

- 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
 - Less certainty in market for insurers and consumers
 - Potential litigation issues
 - OIR resource issues
2. Increase resources to accommodate filing influx
 - Hire additional full-time employees
 - Outsource reviews
3. Short-term use and file informational only rate & form exemption
 - Exempt rates from substantive requirements of Florida law & rules
[Forms can be submitted as informational filings for a period of time (two years), but exemption leaves Florida's substantive requirements in place.]
 - Administrative options
 - Forms – Consent Order
 - Rates – Emergency Rule Promulgation / Rule Promulgation
(Workshop, Financial Services Commission (FSC) Approval, Publication, Public Hearing, Joint Administrative Procedures Committee Review, Final FSC Approval)



Advantages of short-term use and file informational only rate & form exemption

- Speed-to-Market (more products)
- Regulatory certainty
- Transparency (informational filings in I-File)
- Experience for future reviews
- Florida laws still apply for consumer protections & policy forms



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



Question & Answer Participants

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