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:  Examples of Analysis Factors:
Age  Historical loss experience
Gender  Medical trend
Smoking status  Insurance trend
Geographic location  Risk changes
## Conflicts of Law

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

*Relevant Statutes and Rules: Section 627.410(6)(a)&(b); Rule 69O-149.005

*Supplemental: Office of Insurance Regulation Review PPACA January 2013*
Forms – Decision Matrix

**Approve**
- Form complies with all PPACA laws and Florida laws
- Form complies with only Florida laws

**Disapprove**
- Form complies with all PPACA laws, but not Florida laws
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 69O-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