

Health Insurance Regulatory Responsibilities of the Office of Insurance Regulation

Health Innovation Subcommittee
Florida House of Representatives

January 21, 2015

Rich Robleto, Deputy Commissioner of Life & Health



Office Mission

“Promote a stable and competitive insurance market for consumers.”



Office Goals

- Promote markets with products providing fair coverage at adequate prices
- Protect public from illegal/unethical acts and practices
- Monitor/address insurer financial issues
- Operate efficiently and transparently



Health Insurance Regulatory Framework

Statutory Authority

Chapter 20, Florida Statutes - Organizational Structure:

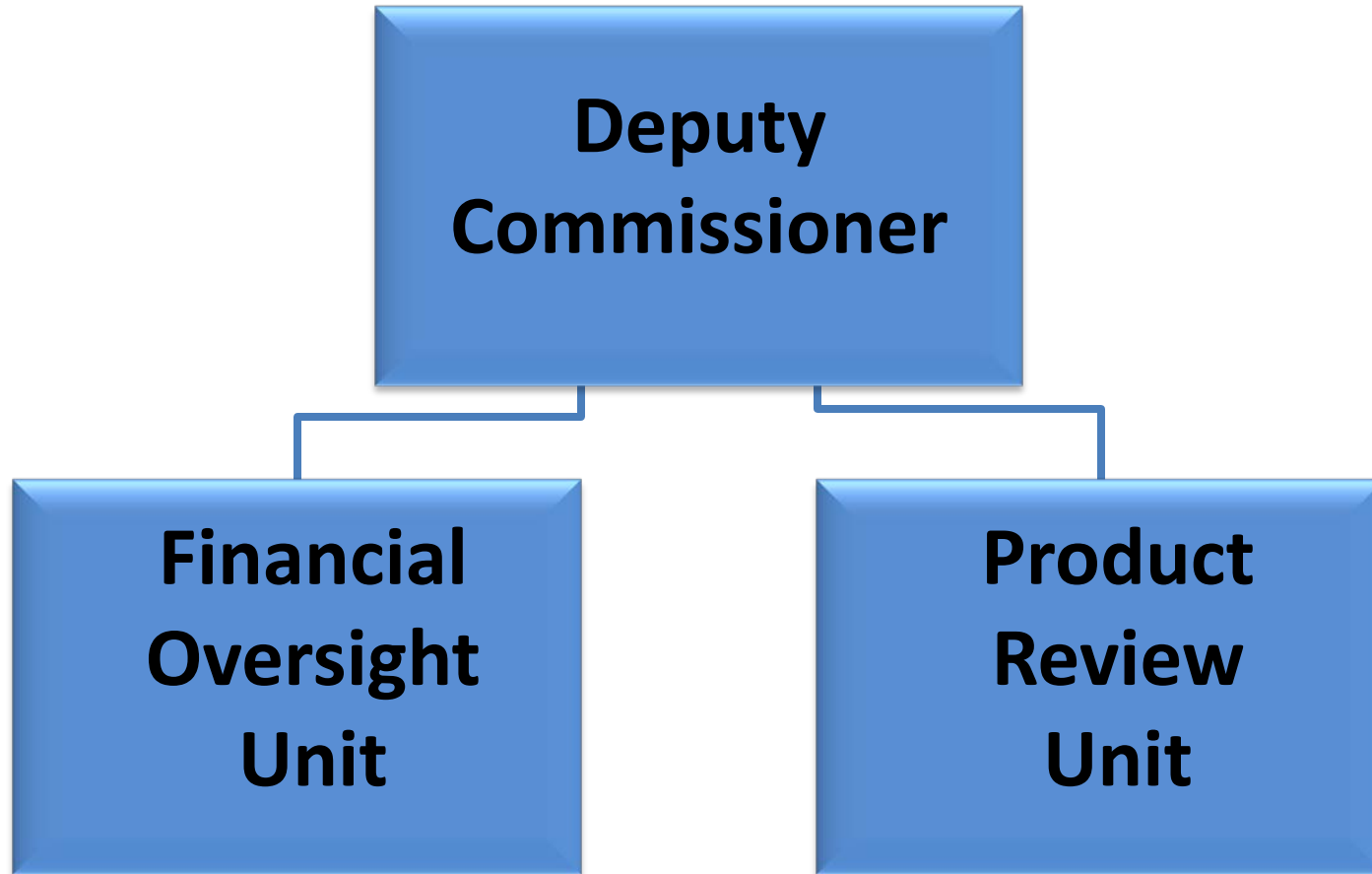
- Ch 20.121 – Financial Services Commission Authority

Chapters 624 – 651, Florida Statutes - Insurance Code:

- Ch 624.307 – OIR and DFS General Powers
- Ch 624.401 – Licensing
- Ch 624.410 – Form and Rate Filing
- Ch 624.424 – Financial Reporting



Life & Health Regulatory Structure



Florida Health Insurance Market: Products

- Major Medical
- Other Pre-Paid Health Services
- Accident and Sickness
- Dental/Vision
- Disability Income
- Excess/Stop Loss
- Long-Term Care
- Medicare Supplement
- Other



Florida Health Insurance Market

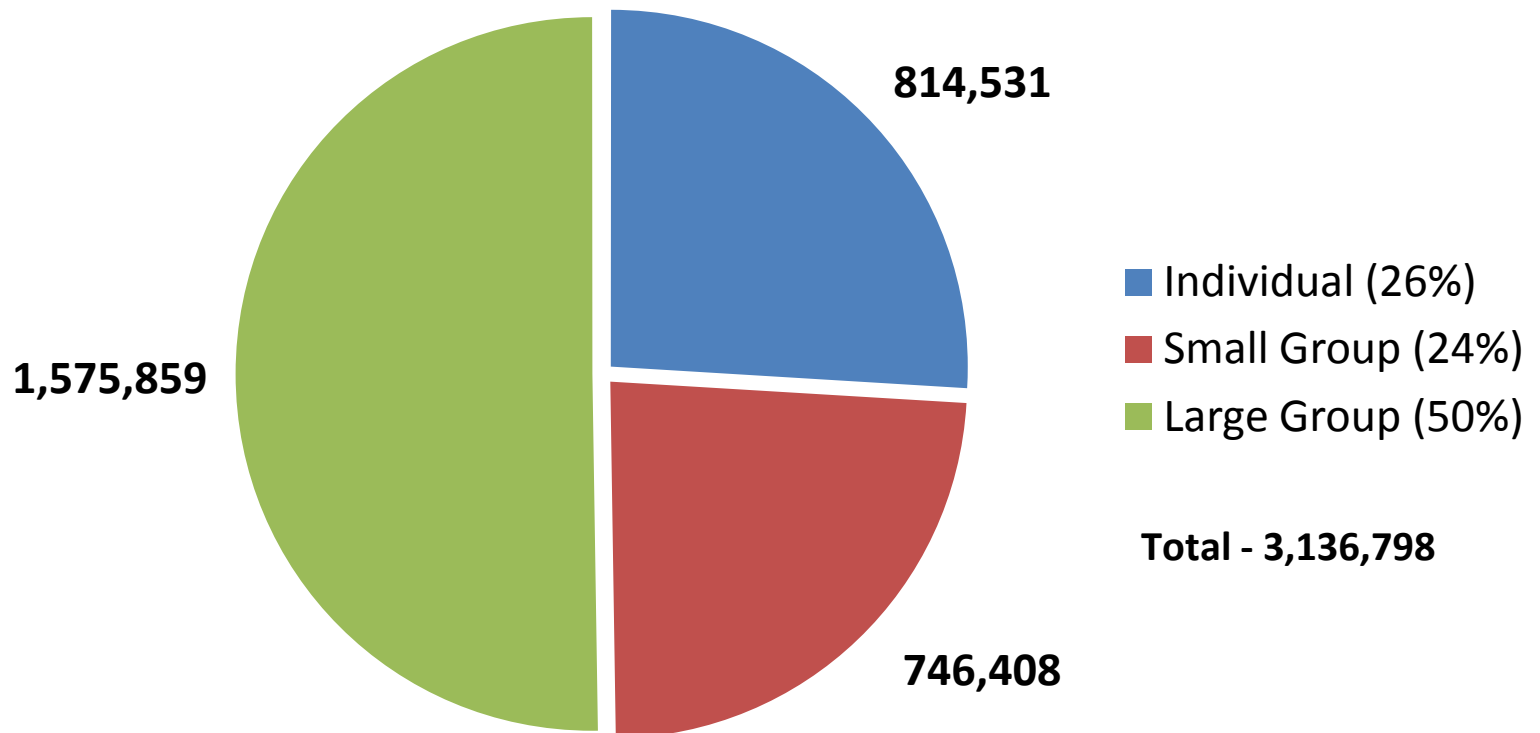
Regulated Entities (Authority Category)	Authorities
Health Insurers	448
Third Party Administrators	310
Continuing Care Retirement Communities	61
Discount Medical Plan Organizations	40
Health Maintenance Organizations	38
Fraternal Benefit Societies	36
Prepaid Limited Health Service Organizations/Prepaid Health Clinics	28

Source: Data used in CY 2013 NAIC Insurance Department Resources Report (compiled on 3/21/2014)



Florida Health Insurance Market

Major Medical Total Covered Lives 2013



Source: Florida Office of Insurance Regulation CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report



Florida Health Insurance Market

Major Medical Covered Lives: Individual Market

Market Segment	Covered Lives
Individual	
Individually Underwritten	795,593
Conversion	11,313
Guarantee Issue	7,625
Total	814,531



Florida Health Insurance Market

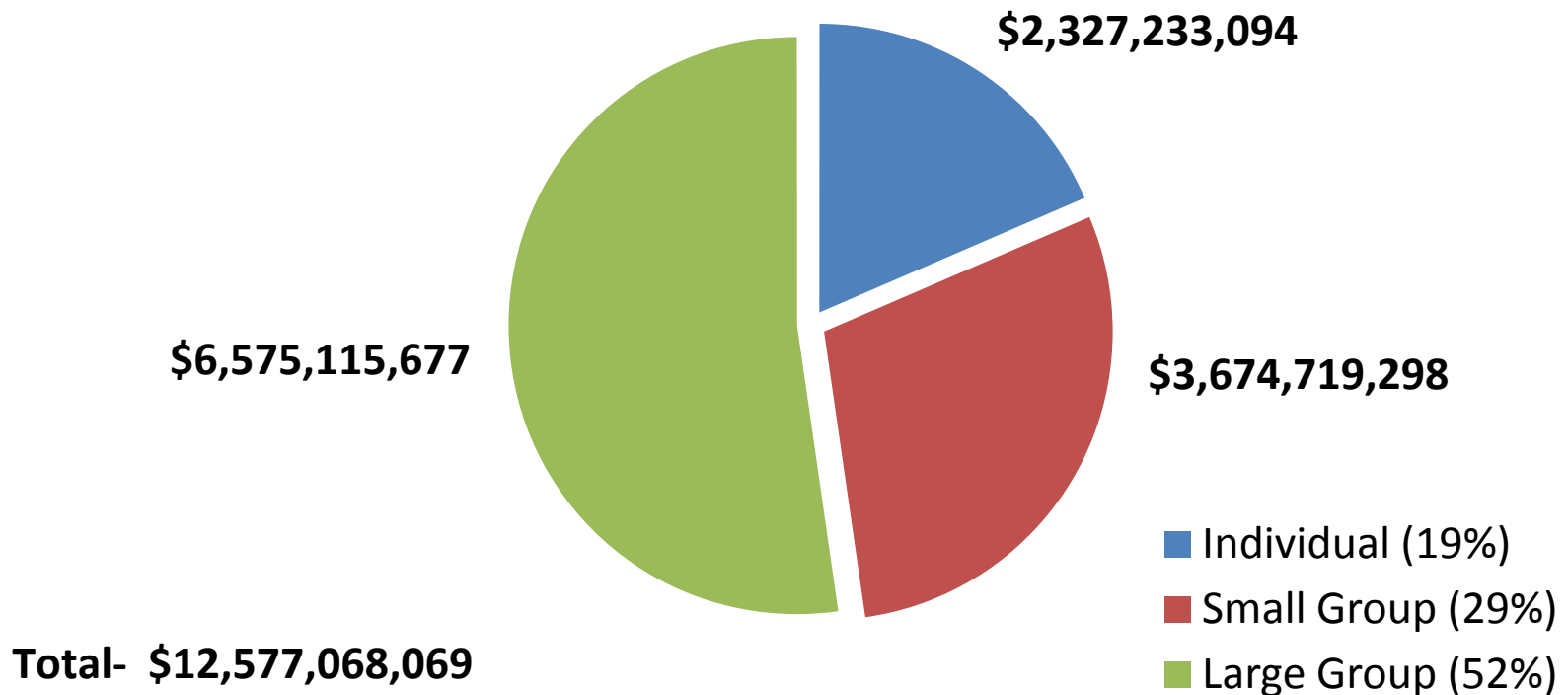
Major Medical Covered Lives: Group Market

Market Segment	Total Groups	Covered Lives
Small Group		
Self-Employed/Sole Proprietor	6,902	10,956
2-50 Member Group	79,776	735,452
Total	86,678	746,408
Large Group		
51-100 Member Group	6,892	262,980
>100 Member Group	12,429	1,312,879
Total	19,321	1,575,859

Source: Florida Office of Insurance Regulation CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report

Florida Health Insurance Market

Major Medical Direct Earned Premium 2013



Florida Health Insurance Market

Major Medical Premium & Loss Ratio

Individual Market

Market Segment	Earned Premium	Loss Ratio
Individual		
Individually Underwritten	\$2,150,210,044	74.5%
Conversion	\$113,604,552	144.3%
Guarantee Issue	\$63,418,498	103.7%



Florida Health Insurance Market

Major Medical Premium & Loss Ratio

Group Market

Market Segment	Earned Premium	Loss Ratio
Small Group		
Self-Employed/Sole Proprietor	\$90,869,693	141.9%
2-50 Member Group	\$3,583,849,605	77.0%
Large Group		
51-100 Member Group	\$1,122,851,926	81.2%
101+ Member Group	\$5,452,263,751	83.1%

Florida Health Insurance Market Concentration

Total Accident and Health (CY 2013)

Market Share:

- Top Writer 22.9%
- Top 5 Writers 50.8%
- Top 10 Writers 64.2%

Herfindahl-Hirschmann Index:

- 846 (Competitive)

Number of Companies: 396

Source: Data used in the Florida Office of Insurance Regulation's CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report



Florida Health Insurance Market Concentration

Major Medical Only (CY 2013)

Market Share:

- Top Writer 30.8%
- Top 5 Writers 64.1%
- Top 10 Writers 82.0%

Herfindahl-Hirschmann Index:

- 1354 (Moderately concentrated)

Number of Companies: 117

Source: Data used in the Florida Office of Insurance Regulation's CY 2013 Accident & Health Markets Gross Annual Premium & Enrollment Report



Life & Health Financial Oversight: Primary Duties

- Review license applications
- Review expansions into additional lines
- Monitor financial solvency
- Identify/address financial issues/trends
- Inter-state coordination



Life & Health Financial Oversight: Filings

- Monthly, quarterly, and annual financial statements
- Audited financial statements
- Actuarial certifications



Life & Health Financial Oversight: Reviews

Types of Review:

- Financial Analysis (“desk review”)
- Financial Examination (“on-site review”)

Scope/Process:

- Confirm assets and liabilities
- Interview corporate level officers
- Review internal control process
- Identify risks regarding business plan



Life & Health Financial Oversight: Financial Examinations

Location: “On-site”

Frequency: At least once every five years

Timeframe: Up to 18 months

Period Covered: Preceding five fiscal years

Number Completed: 31 (2014)



Life & Health Financial Oversight: Financial Analysis

Location: OIR (“desk” reviews)

Frequency: Every quarter

Timeframe: Based on priority level

Period Covered: Period covered by statement

Number Completed: 2,776 (2014)



Life & Health Financial Oversight: Financially Troubled Companies

- Increase review priority
- Monthly reporting
- Corrective action plan
- Increase insolvency deposit
- Target exam
- Multistate coordination
- Administrative supervision
- Suspend or revoke license



Life & Health Financial Oversight: Additional Reviews

- Dividend distributions
- Acquisitions or mergers
- New officers, directors or shareholders
- Service agreements and amendments



Life & Health Product Review: Primary Duties

- Review rates
- Review forms



Life & Health Product Review: Rate Review

Florida is a “Prior Approval” State

- Approval required prior to use
- Small group and individual policies only
- Actuarial review of rates
- Compliance with Florida statutes/rules
- Rating factors
- Analysis factors



Life & Health Product Review: Form Review

Florida is a “Prior Approval” State

- Approval required prior to use
- All policy forms subject to prior approval
- Compliance with Florida statutes/rules



Life & Health Product Review: 2014 Filings Processed

	Forms	Rates
Total Filings	4,090	1,875
Lowest Monthly Count	(Nov) 292	(Nov) 107
Highest Monthly Count	(Jan) 399	(Apr) 185



Questions?

Rich Robleto
(850) 413-5104
Rich.Robleto@floir.com

