

# Patient Protection & Affordable Care Act (PPACA)

## Post-Legislative Update

House Select Committee on PPACA

January 9, 2014

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# Continuing Objectives of the Office Post-PPACA Marketplace

- Maintain market stability
  - Collaborative Arrangement
- Expedite the product approval process
  - Form filing approvals /rate filing informational
- Monitoring Off-Exchange competition
- Maintain consumer transparency in the new marketplace
  - Premium notice requirement – September 1



# PPACA Changes on January 1, 2014

- Guarantee issue
- Prohibition on rating for gender or pre-existing medical condition
- Compression ratio for age rating (3-to-1)
- Employer mandate - delayed one year
- Individual mandate – “delayed for certain individuals”
- PPACA taxes and fees take effect
- Exchange subsidies for 100% - 400% of poverty level



# SB 1842 --- Primary Provisions

- Rate filings informational for Major Medical products during plan years 2014/2015
- Dissolution of Florida Comprehensive Health Association (FCHA)
- Allows nongrandfathered individual policies to be non-renewed
- Authorized a State/Federal Collaborative Arrangement
- Different pooling for grandfathered/non-grandfathered plans
- September 1, 2013 - PPACA premium notice requirement



# Consumer Premium Impact Notice

## Consumer Notice The Impact of Federal Health Care Reform on Health Plan Costs\*

Federal health care reform may change health plan benefits and costs. **After January 1, 2014**, health insurers and HMOs:

- Must offer new benefits.
- Must cover everyone even if they have preexisting medical conditions.
- Must pay new taxes and fees which add to health plan costs.
- Must charge same health plan costs to men and women.
- Must limit how much your age can affect health plan costs.

Below is an example using one of our company's most popular plans and the cost of a new plan showing the impact of federal health care reform. This is an example only and it does not show differences in co-payments and deductibles. Your health plan costs may not change in the same way. Your health plan costs may be reduced if you qualify for federal tax credits or subsidies.

**This example compares the health plan monthly cost for {Name, most popular plan} before federal health care reform to the health plan monthly cost for the new {Name, new health care plan} health plan offered after health care reform.**

|                                                                                                         | Ages 21-29 |         | Ages 30-54 |         | Ages 55-64 |         |
|---------------------------------------------------------------------------------------------------------|------------|---------|------------|---------|------------|---------|
|                                                                                                         | Males      | Females | Males      | Females | Males      | Females |
| <b>{Name, most popular plan}</b><br>Monthly Health Plan Cost <i>before</i> Federal Health Care Reform   | \$ ***     | \$ ***  | \$ ***     | \$ ***  | \$ ***     | \$ ***  |
| <b>{Name, new health care plan}</b><br>Monthly Health Plan Cost <i>after</i> Federal Health Care Reform | #VALUE!    | #VALUE! | #VALUE!    | #VALUE! | #VALUE!    | #VALUE! |
| <b>Portion of Monthly Health Plan Cost due to federal health care reform:</b>                           |            |         |            |         |            |         |
| Cost of <b>new benefits</b> we must offer                                                               | \$ ***     | \$ ***  | \$ ***     | \$ ***  | \$ ***     | \$ ***  |
| Cost to <b>cover everyone</b> , even those with <i>preexisting medical conditions</i>                   | \$ ***     | \$ ***  | \$ ***     | \$ ***  | \$ ***     | \$ ***  |
| <b>New taxes and fees</b> we must pay                                                                   | \$ ***     | \$ ***  | \$ ***     | \$ ***  | \$ ***     | \$ ***  |
| Cost to charge the same for <b>men and women</b> and to limit how <b>age</b> can affect plan costs      | \$ ***     | \$ ***  | \$ ***     | \$ ***  | \$ ***     | \$ ***  |
| <b>Dollar Difference in Health Plan Costs</b>                                                           | \$ -       | \$ -    | \$ -       | \$ -    | \$ -       | \$ -    |
| <b>Percentage Difference in Health Plan Costs</b>                                                       | #VALUE!    | #VALUE! | #VALUE!    | #VALUE! | #VALUE!    | #VALUE! |

*\*The Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, and regulations adopted pursuant to these acts.*



# Life & Health Product Review Process Post SB 1842

## Florida is a Prior Approval State:

- **Form Review** - All policy forms (large group, small group and individual)
- **Rate Review** - Suspended rate approval review for 2014/2015



# Update on Florida's PPACA Filings

- Individual Exchange - 11 carriers
- SHOP Exchange (delayed a year) - 5 carriers
- Market consolidation
- Premium increases will vary dramatically depending on the benefits of the original plan
  - 30% - 40% average premium increase for individuals  
(The rate increase can be as high as 240%)
  - 5% - 20% average premium increase for small groups  
(The rate increase can be as high as 202%)
- A portion of the market will be grandfathered plans



# PPACA Exchange: Silver Plan Premium Estimates

## Scenario 1

**Family of 4 - 2 adults @ 45 years of age, 2 children under 18**  
**\$42,000 household income**

| SILVER PLAN            | MIAMI-DADE COUNTY |                 | ORANGE COUNTY  |                 | LEON COUNTY  |                 |
|------------------------|-------------------|-----------------|----------------|-----------------|--------------|-----------------|
|                        | Monthly           | Annual          | Monthly        | Annual          | Monthly      | Annual          |
| Adult 1 @ 45 yoa       | \$405             | \$4,856         | \$359          | \$4,309         | \$327        | \$3,919         |
| Adult 2 @ 45 yoa       | \$405             | \$4,856         | \$359          | \$4,309         | \$327        | \$3,919         |
| Child x 2              | \$356             | \$4,271         | \$316          | \$3,789         | \$287        | \$3,446         |
| <b>TOTAL:</b>          | <b>\$1,165</b>    | <b>\$13,983</b> | <b>\$1,034</b> | <b>\$12,407</b> | <b>\$940</b> | <b>\$11,283</b> |
| Federal Subsidy        | -\$690            | -\$8,284        | -\$708         | -\$8,499        | -\$769       | -\$9,228        |
| <b>COST TO FAMILY:</b> | <b>\$475</b>      | <b>\$5,698</b>  | <b>\$326</b>   | <b>\$3,908</b>  | <b>\$171</b> | <b>\$2,055</b>  |

\*Results are based on the “average” premium for metal level plans filed in the respective FL county, smoking surcharges & out-of-pocket expenses not included. Assumes all family members live in the same county.





# PPACA Exchange: Platinum Plan Premium Estimates

## Scenario 2

**Family of 4 - 2 adults @ 45 years of age, 2 children under 18**  
**\$42,000 household income**

| PLATINUM PLAN          | MIAMI-DADE COUNTY |                 | ORANGE COUNTY  |                 | LEON COUNTY    |                 |
|------------------------|-------------------|-----------------|----------------|-----------------|----------------|-----------------|
|                        | Monthly           | Annual          | Monthly        | Annual          | Monthly        | Annual          |
| Adult 1 @ 45 yoa       | \$509             | \$6,106         | \$439          | \$5,273         | \$440          | \$3,919         |
| Adult 2 @ 45 yoa       | \$509             | \$6,106         | \$439          | \$5,273         | \$440          | \$3,919         |
| Child x 2              | \$447             | \$5,370         | \$386          | \$4,638         | \$387          | \$3,446         |
| <b>TOTAL:</b>          | <b>\$1,465</b>    | <b>\$17,581</b> | <b>\$1,265</b> | <b>\$15,185</b> | <b>\$1,267</b> | <b>\$15,202</b> |
| Federal Subsidy        | -\$690            | -\$8,284        | -\$708         | -\$8,499        | -\$769         | -\$9,228        |
| <b>COST TO FAMILY:</b> | <b>\$775</b>      | <b>\$9,297</b>  | <b>\$557</b>   | <b>\$6,686</b>  | <b>\$498</b>   | <b>\$5,974</b>  |

\*Results are based on the “average” premium for metal level plans filed in the respective FL county, smoking surcharges & out-of-pocket expenses not included. Assumes all family members live in the same county.



# PPACA Exchange: Silver Plan Premium Estimates Scenario 3

Single Adult - 45 years of age  
\$32,000 household income

| SILVER PLAN                    | MIAMI-DADE COUNTY |                | ORANGE COUNTY |                | LEON COUNTY  |                |
|--------------------------------|-------------------|----------------|---------------|----------------|--------------|----------------|
|                                | Monthly           | Annual         | Monthly       | Annual         | Monthly      | Annual         |
| Adult 1 @ 45 yoa               | \$405             | \$4,856        | \$359         | \$4,309        | \$327        | \$3,919        |
| TOTAL:                         | \$405             | \$4,856        | \$359         | \$4,309        | \$327        | \$3,919        |
| Federal Subsidy                | -\$68             | -\$810         | -\$74         | -\$884         | -\$95        | -\$1,138       |
| <b>COST TO<br/>INDIVIDUAL:</b> | <b>\$337</b>      | <b>\$4,046</b> | <b>\$285</b>  | <b>\$3,424</b> | <b>\$232</b> | <b>\$2,781</b> |

\*Results are based on the “average” premium for metal level plans filed in the respective FL county, smoking surcharges & out-of-pocket expenses not included.



# Office “Federal Health Care Reform” Web Page

## Charts & Other Resources:

- Individual and Small Group Market Monthly Premiums Before and After PPACA
- Metal Level Plan Distribution by Company
- Number of Plans Available in the Individual and Small Group Markets by County
- Health Insurance Companies Offering Plans in the Individual and Small Group Markets By County



# President's Transitional Policy Announcement

## November 14, 2013

- Potential affect on policies issued after March 23, 2010 and prior to October 1, 2013
- Creates new category of “Grandmothered Plans” renewed between January 1, 2014 and October 1, 2014
- Must notify policyholders of rights and options

### **Does Not Affect:**

- Grandfathered Plans
- New consumers, including:
  - Policies purchased on the Exchange
  - Policies intended to be ACA-compliant (1/1/14 reforms)



# President's Transitional Policy Announcement (cont.)

## Minimal Impact in Florida:

- Florida has a significant number of “grandfathered plans” unaffected by the transitional policy
- Florida already allowed “early renewals” for non-grandfathered plans and had a large uptake by consumers
- 370,000 individual policies were scheduled for cancellation
  - 40,000 notices sent for January 1 cancellations
- Potential affect on “3 R’s” – federal guidance to follow



# Questions?

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