INFORMATIONAL MEMORANDUM
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Florida Office of Insurance Regulation
Kevin M. McCarty, Commissioner

ALL HEALTH INSURERS AND HMOs

The purpose of this memorandum is to notify health insurers and health maintenance organizations (HMOs) of the federal legislative changes that become effective six (6) months after enactment of the Patient Protection and Affordable Care Act (PPACA) signed into law by President Obama on March 23, 2010. (The last item becomes effective beginning 1/1/2011). You should review Public Law 111-148 to determine all of the provisions which apply to you. HR 4872 (Reconciliation) should also be reviewed for applicable provisions. This Informational Memorandum is not intended to be a comprehensive summary of the provisions of the legislation, but is a courtesy to inform you of new federal requirements.

The following changes are effective September 23, 2010, and are applicable to a group health plan and a health insurance issuer offering group or individual health insurance coverage. Policies issued on or after September 23, 2010, will have to comply with the reforms outlined below:

- Rescissions will be prohibited except for instances of fraud or intentional misrepresentations (also applicable to grandfathered plans and self-insured plans) (Section 2712);

- Plans will be required to provide first-dollar coverage for a defined set of preventive medical services without cost to the policyholder or certificateholder (not applicable to grandfathered plans, applicable to self-insured plans) (Section 2713);

- Plans may not establish lifetime limits on the dollar value of benefits; plans may only establish restricted annual limits prior to January 1, 2014, on the dollar value of Essential Health Benefits (also applicable to grandfathered plans and self-insured plans) (Section 2711);

- Plans will be required to implement an internal and external appeals process pertaining to coverage determinations and claims (not applicable to grandfathered plans, applicable to self-insured plans) (Section 2719);

- Plans will be prohibited from including preexisting condition exclusions for dependents under age 19 (also applicable to grandfathered plans and self-insured plans)(Section 2704);

- Plans that offer and provide dependent coverage of children shall continue to make such coverage available for an adult child until the child turns 26 years of age (also applicable to grandfathered plans and self-insured plans) (Section 2714);

- Plans will be prohibited from requiring "preauthorization" for emergency health services. A patient cannot be penalized for visiting a hospital outside of the plan's network for emergency services. The health plan cannot charge the patient a higher co-payment than if the emergency services were provided by an in-network hospital (not applicable to grandfathered plans, but applicable to self-insured plans) (Section 2719A);

- Plans may not require authorization or referral for female patients to receive obstetric or gynecological care from participating providers and must treat their authorizations as the authorization of a primary care provider (not applicable to grandfathered plans, but applicable to self-insured plans) (Section 2719A); and

- Plans must submit to the U.S. Secretary of Health and Human Services and State insurance commissioner and make available to the public the following information in plain language:
  - Claims payment policies and practices
  - Periodic financial disclosures
  - Data on enrollment
  - Data on disenrollment
  - Data on the number of claims that are denied
  - Data on rating practices
  - Information on cost-sharing and payments with respect to out-of-network coverage
  - Other information as determined appropriate by the Secretary.
    2715A)

The following change is effective for plan years beginning September 23, 2010 and is applicable to a group health plan and a health insurance issuer offering group or individual health insurance coverage and will have to comply with the reform outlined below (Section 2718):

- Medical loss ratio requirements
  - Large group market: 85%
  - Small group and individual markets: 80%

If you have questions regarding the content of this Memorandum, please contact Eric Lingswiler, Director of Life and Health Product Review, Florida Office of Insurance Regulation at eric.lingswiler@floir.com or (850) 413-5110.