

**COMMENTS RECEIVED ON
DRAFT GROUP HEALTH INSURANCE COVERAGE MODEL ACT - SCOPE**

Oregon Department of Insurance Comments

Received by Email December 8, 2011

We don't have a strong opinion but would probably prefer a combined model act. The Oregon Insurance Code distinguishes between group and individual. The requirements for each, however, should largely be the same. Thus, it would likely be more difficult and time consuming to review two separate acts than one act that incorporates both markets.

Anthony Behrens

Ohio Department of Insurance Comments

Received by Email December 12, 2011

Ohio recommends having separate group and non-group models for the following reasons:

- A combined model might be burdensome for states waiting to combine the individual and small group marketplaces. Separate models would enable more state flexibility in the implementation of statutory changes.
- From the legal perspective separate models that can stand on their own enable legal counsel to have a more complete picture of a coverage or market.

Thanks!

Kelly Maynard

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Ms Jolie Matthews
NAIC Senior Health and Life Policy Counsel
Regulatory Framework (B) Task Force
444 North Capitol Street NW,
Suite 701
Washington, DC 20001

**RE: AHIP's Comments on Scope and Approach to NAIC Group Market Health
Insurance Coverage Model Act**

Dear Ms. Matthews,

We appreciate the opportunity to provide comments on the scope of this important model. America's Health Insurance Plans (AHIP) is the national trade association representing the health insurance industry. AHIP's members provide health and supplemental benefits to more than 200 million Americans through employer-sponsored coverage, the individual insurance market, and public programs such as Medicare and Medicaid. AHIP advocates for public policies that expand access to affordable health care coverage to all Americans through a competitive marketplace that fosters choice, quality and innovation.

You requested comments by December 14 on the scope of the model that seeks to incorporate all current Affordable Care Act (ACA) requirements, and the 2014 requirements that will go into effect for all comprehensive major medical health insurance coverage. At the preliminary discussions held during the Regulatory Framework (B) Task Force meeting at the NAIC Fall National Meeting, the discussions focused on whether to use an omnibus approach for all health insurance coverage, or to create separate models for group and non-group.

AHIP recommends:

- Three separate models should be created, one for each of the Small Group Market, the Individual Market, and the Large Group Market.
- Since there has been more attention focused on small group coverage in the states recently, we recommend the small group market model should be the first model discussed.
- Once the preferred format for the model has been established, the individual model should follow, and finally the large group model.

You asked for rationale supporting the recommendations made. We note these reasons:

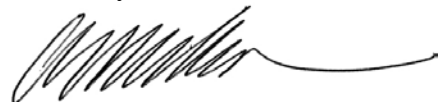
- **Complexity** – The ACA changes - the September 23, 2010 requirements, the market reforms of 2014, the risk adjustment mechanism that will apply in the reformed market, and the existence of grandfathered plan status - create a complex set of facts and conditions that make it challenging to clearly present the effect of each of these on the different markets' coverage.
- **Clarity** – Separating the market models will assist in clarifying and highlighting the impact of those ACA changes on the comprehensive major medical coverage offered in each of these markets.
- **Usability** – State legislators, policymakers, Exchange steering committees and regulators will be looking for clear guidance on the coverage requirements that apply to these markets. Since state statutes generally separate the different market segments, separating the models will lead to simpler more useable tools, more quickly applied and thus one more likely to be used for adoption in the states.

And other comments for your consideration include:

- **Clear References** – Your original draft did a great job of referring to the relevant ACA sections. All subsequent models should do so. In fact, we recommend a consistent use of the reference be included in each of the sections, or paragraphs, that reflect a change related to an ACA section.
- **All Relevant Elements Included in the Models** – For example, grandfathered plan issues (and the impact or non-impact of various provisions on those plans) should be incorporated in the models, rather than set into a separate appendix or attachment. Including all of the significant elements in one clear model for each market will be most helpful in order that these models can be helpful guides for the states as they move forward to 2014.
- **Timing** – For the states and the NAIC, the timing of preparing for the 2014 reforms is a critical issue. To have final guidance for states to adopt and use, and for insurers to follow in 2013 as they prepare form and rate changes to comply with the 2014 market changes, these models need to be finalized and adopted by the NAIC by the end of 2012.

Thank you for considering these recommendations. We have other suggestions we will be happy to share, and will provide comments on any revised form(s) you prepare for the conference call that is to be scheduled. I can be reached at (202) 778-8487 or cgallaher@ahip.org if you would like to discuss before then. Best regards for a happy holiday season.

Sincerely,



Candy Gallaher - Senior Vice President, AHIP State Policy

Cc: Randy Moses (ND), Regulatory Framework (B) Task Force

Golden Rule Insurance Comments

Received by Email December 14, 2011

Dear Ms. Matthews:

We appreciate the opportunity to provide comments on the Exposure Draft of the Group Market Health Insurance Coverage Model Act:

You requested comments by December 14 on the scope of the model. At the preliminary discussions held during the Regulatory Framework (B) Task Force meeting at the NAIC Fall National Meeting, the discussions focused on whether to create separate models for the group and non-group markets.

We believe that in light of the complexity of the ACA, and the fact that the current individual and small group markets function very differently today, that the NAIC should create separate models for the individual and small group markets. In addition, because it is very possible that the small group and large group markets may function very differently once the ACA is fully in place, we believe that there should be a separate large group model. We believe that in light of the reinsurance and risk adjustment mechanisms and grandfathered health plans that this is the most sound approach.

We would also like to provide additional comments on the current draft of the regulation:

Under Section 3 (R) on page 6 of the draft, there is a definition of group market. In light of the fact that in most states there are already extensive requirements in state law that deal with group health insurance coverage, whether it be small group reform laws, standard provision laws, or mandated benefits requirements and that there are often multiple definitions tied to the group health insurance market we would encourage the NAIC to include some cautionary language in the model. Specifically, we would encourage such a model to recommend that the states carefully review their existing laws, and/or clearly indicate that the definitions in this section only apply to this act. We believe that if this model was enacted inappropriately, that it could lead to unintended consequences in the states, especially as it relates to products in effect prior to the enactment of PPACA, or that are not subject to the requirements under PPACA.

We would also suggest that a definition of group health plan be included in this section. Alternatively, we would suggest further clarification as to what a group health plan maintained by an employer means. In light of the fact that there will be different requirements in many states as it relates to group health insurance coverage and individual health insurance coverage, particularly as it relates to contribution and participation requirements, and reinsurance and risk spreading requirements, it would be helpful to better delineate the difference between those two markets. In light of the fact that many states already have in place scope provisions or definitions that help to further define the group health insurance market, we would encourage the NAIC to consider similar approaches.

Thank you again for the opportunity to provide comments on this model.

Sincerely,

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**BlueCross BlueShield
Association**

An Association of Independent
Blue Cross and Blue Shield Plans

December 14, 2011

Randy Moses
South Dakota Division of Insurance
Chair, NAIC Regulatory Framework (B) Task Force

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Delivered by E-Mail to:

Jolie Matthews (JMatthews@naic.org)
NAIC Senior Health Policy Advisor & Counsel

RE: Scope of NAIC Group Market Health Insurance Coverage Model Act

Dear Mr. Moses:

The Blue Cross Blue Shield Association (“BCBSA”) appreciates the opportunity to provide comments to the scope of the October 26, 2011, draft of the NAIC’s Group Market Health Insurance Coverage Model Act circulated by the Regulatory Framework (B) Task Force.

BCBSA represents the 39 independent Blue Cross and Blue Shield Plans (“Plans”) that provide health coverage to more than 99 million – one in three – Americans. Plans offer coverage in every market and every ZIP code in America.

The Task Force requested comments on whether, in revising NAIC model laws and regulations to comport with the requirements of the Affordable Care Act (“ACA”) and related final federal regulations, the Task Force should develop a model for the group market only, as the current draft reflects, and then develop a plan to draft a non-group model, or should develop a combined model for both the non-group and group market.

BCBSA suggests that the NAIC address the ACA market issues in separate models for group and individual markets rather than in a combined model. A separate group/non-group approach to this project closely reflects the manner in which most state insurance codes are commonly written. Also, we suggest that the NAIC consider the merits of doing a separate model for the small group and the large group given the numerous additional requirements that apply to the small group market.

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Scope of NAIC Group Market
Health Insurance Coverage Model Act

Thank you for the opportunity to comment on the scope of the draft Group Market Health Insurance Coverage Model Act. We look forward to working with the Task Force on this critical guidance for states. If you have any questions on these comments, please contact me at Joan.Gardner@bcbsa.com or 202.626.4802.

Sincerely,

/s/ Joan Gardner

Joan Gardner
Executive Director
State Services
Blue Cross Blue Shield Association

COMMENTS FROM NAIC CONSUMER REPRESENTATIVES

December 13, 2011

Randy Moses, Chair
Regulatory Framework (B) Task Force
National Association of Insurance Commissioners

Re: Group Market Health Insurance Coverage Model Act

Dear Mr. Moses,

On behalf of the undersigned consumer representatives to the NAIC, we are writing to comment on the initial draft of the Group Health Insurance Coverage Model Act. We would also like to thank you for moving forward to develop a model law to implement the critical insurance reforms and patient protections embodied in the Patient Protection and Affordable Care Act (ACA). These reforms, including the requirement to guarantee issue coverage to applicants regardless of health condition, elimination of pre-existing condition exclusions, and the prohibition on health status rating will help millions of Americans obtain more affordable and adequate health insurance. We appreciate the opportunity to provide this initial set of comments on your first draft of the model law.

In particular, we understand that you are seeking comment at this point on whether to produce a combined model that includes both the group and non-group markets, or whether to continue to have separate model acts for the group and one for the non-group market. We encourage you to take the latter approach and develop two separate models. We recommend this for two primary reasons. First, while some states have merged their individual and small group markets, the vast majority of state laws governing the non-group and small group markets are separated into two distinct chapters or sections of the insurance code. If NAIC were to adopt a combined model, many states would be required to take the additional step of separating the two markets in order to adapt it to their code. We believe it will be simpler and cleaner for state regulators, policymakers, and stakeholders if the NAIC adopts two separate models. Second, while most of the pertinent ACA reforms extend to both markets, there are a number of significant issues unique to the individual and small group markets that merit separate analysis. For example, provisions setting group participation or employer contribution levels are relevant only to the group market. Similarly, conditions allowing issuers to adjust premiums more frequently than annually (i.e., in the case of changes to the size of an employer group) will vary depending on whether they pertain to group or non-group coverage. In short, we believe two separate models will help policymakers, regulators and stakeholders better understand how these important reforms will impact consumers and small business owners in each market.

We thank you for the opportunity to comment on this Model Act. If you have any questions, please contact Sabrina Corlette at sc732@georgetown.edu.

Sincerely,
Sabrina Corlette
Tim Jost
Stephanie Mohl
Sarah Lueck
Barbara Yondorf
Bonnie Burns
Stacey Pogue
Stephen Finan
Kim Calder
Beth Abbott
Lynn Quincy

Cc: Jolie Matthews