August 11, 2014

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 Comments on ACA Potential Revisions to The Minimum Standards Model Act (#170)

Dear Ms. Matthews,

We thank you for the opportunity to offer initial comments and suggestions on potential revisions to the Minimum Standards for Accident and Sickness Insurance Model Act (#170). 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.

To preserve the usefulness of the model law, amendments to Model #170 should relate only to changes necessary to assure ACA compliance. As was noted during prior discussions of the Task Force, this model law is deeply imbedded in state laws that have been augmented by Health Insurance Portability Act (HIPAA) and Affordable Care Act (ACA) requirements in the years since its initial promulgation. These models were developed as minimum standards that have become the bedrock for the standards that each state has developed for various categories of coverage. These minimum standards have stood the test of time, and we do not believe concerns have been raised in the states that would prompt the need for model law or model regulation changes beyond those few required by the ACA.

The NAIC Individual Market Health Insurance Coverage Model Act and Regulation may now allow for removal of expense-based major medical product categories from the Minimum Standards models. Based on recent updates to the NAIC Individual Market Health Insurance Coverage Model Act and Regulation, it may be appropriate to remove basic hospital expense coverage, basic medical surgical expense coverage, basic hospital-medical-surgical expense coverage, individual major medical expense coverage, and individual basic medical
expense coverage from Model #170. We would recommend that Task Force members carefully
analyze the model to determine whether removal of these provisions would be appropriate. If
these expense-based coverage categories are removed from the model, we would suggest that
since consumers continue to maintain grandfathered products, a drafting note reflecting this point
be added to remind states that grandfathered products should continue to be reflected in state
laws and regulations.

Should the above-mentioned expense-based product categories be removed, Model #170 will no
longer apply to any form of group medical expense coverage. As such, a separate definition of
“group supplemental health insurance” would no longer be needed and should also be deleted.

**HIPAA excepted benefits must be carefully protected from inappropriate regulatory
requirements.** We want to stress the importance of recognizing that HIPAA excepted benefits
are not subject to the requirements of the ACA and must be carefully protected from regulatory
overlap with ACA requirements being considered in this model act revision work. With the
exception of reflecting a recent federal regulatory change to the conditions under which
individual hospital indemnity products maintain excepted benefit status, no other changes
related to excepted benefits products are necessary or appropriate.

**Disability income protection coverage should remain in Model #170.** In response to
comments made to the Task Force, we recommend that category (7) "Disability income
protection coverage" be maintained in this model act. As with all of the other HIPAA excepted
benefit products named in this model, this category of coverage is a form of financial protection
for the unexpected costs and losses associated with a health condition, disease, or injury and
there is no reason to distinguish this category of coverage from the others in terms of minimum
standards required.

In summary, with the exception of (1) consideration of removal of the medical expense
categories and the related definition of “group supplemental health insurance”, and (2) updating
the conditions for individual "hospital indemnity or other fixed indemnity” coverage, there are
no other changes required to this model that relate directly or indirectly to the ACA.

We very much appreciate the opportunity to give you our initial thoughts on how this Minimum
Standards Model Act can be updated in the least disruptive and most useful manner possible. If
you have questions or would like to discuss any of these recommendations, please do not hesitate
to contact me at (202) 778-8487 or cgallaher@ahip.org, or Cindy Goff at cgoff@ahip.org.
Sincerely,

C.M. (Candy) Gallaher
Senior Vice President - State Policy