

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: 4 Ever Life Insurance Company) GMCB-009-15-rr
Global Health Guard Ex-Patriot Rate Filing)
)
SERFF No. BCSF-130097000)
_____)

DECISION & ORDER

Introduction

Vermont law requires that health insurers submit major medical rate filings to the Green Mountain Care Board which shall approve, modify, or disapprove a rate filing within 90 calendar days of its receipt. 8 V.S.A. § 4062(a)(2)(A). On review, the Board must determine whether the proposed rate is affordable, promotes quality care, promotes access to health care, protects insurer solvency, and is not unjust, unfair, inequitable, misleading or contrary to Vermont law. 8 V.S.A. § 4062(a)(3).

Procedural History

On June 30, 2015, 4 Ever Life Insurance Company submitted its proposed Global Health Guard Ex-Patriot Rate Filing to the Board via the System for Electronic Rate and Form Filing (SERFF). http://ratereview.vermont.gov/sites/dfr/files/GMCB_009_15rr_SERFF_6_18_15.pdf. Because there are no members affected by this filing and no rate increase—this is a new product—the Board did not request that its actuaries provide an actuarial analysis of the filing, the Office of the Health Care Advocate (HCA) declined to enter an appearance, and the Board did not hold a hearing in this matter. *See* GMCB Rule 2.000, *Rate Review*, § 2.309 (Adjudication on the Record). The Board posted to the web the Department of Financial Regulation’s (Department’s) analysis and opinion regarding the impact of the proposed filing on the insurer’s solvency on July 15, 2015.

http://ratereview.vermont.gov/sites/dfr/files/GMCB_009_15rr_Solvency_Analysis.pdf Solvency Analysis). The Board received no comments during the public comment period.

Findings of Fact

1. 4 Ever Life Insurance Company is not domiciled in Vermont and is instead licensed in Vermont as a foreign insurer.

2. The company has filed an “expatriate health plan” rate filing that provides for hospital, medical, and surgical expense benefits to employers for the benefit of employees traveling outside the United States for extended periods of time for employer business purposes.

3. Under the plan’s terms, the company provides a list of credentialed providers to its members when abroad to ensure they have access to qualified providers. When covered employees temporarily return to the United States, they can access coverage through a Blue Cross/Blue Shield PPO network plan.

4. This filing is for a new product. Thus, there are no affected members, and there is no rate increase.

5. The company developed premiums for the plan utilizing nationwide experience for this block of business. There are currently around 16,000 members nationwide; the membership has experienced an average loss ratio of 69.5% over the last three years.

6. The filing includes expenses and commissions that total 34.5% of premium, broken down as follows: 18.5% for administration; an average of 8.0% for commissions;* 2.0% for premium taxes, and 6.0% for contingency and risk margin. The anticipated loss ratio is 65.5%.

7. On review of the company’s solvency, the Department concluded that because the company’s operations in Vermont account for less than one percent of its total premiums earned, this filing poses little risk to solvency.

Standard of Review

1. The Board reviews rate filings to ensure that rates are affordable, promote quality care and access to health care, protect insurer solvency, and are not unjust, unfair, inequitable, misleading or contrary to Vermont law. 8 V.S.A. § 4062(a)(2); GMCB Rule 2.000, *Rate Review*, §§ 2.301(b), 2.401. The Board takes into consideration changes in health care delivery, changes in payment methods and amounts, and other issues at its discretion. 18 V.S.A. § 9375(b)(6).

2. The Board will consider the Department’s analysis and opinion on the impact of the proposed rate on the insurer’s solvency and reserves. 8 V.S.A. § 4062(a)(2), (3). In addition, the Board shall consider any public comments received on a rate filing. Rule 2.000, §2.201.

3. The burden falls on the insurer proposing a rate change to justify the requested rate. *Id.* § 2.104(c).

* Actual commissions vary between 0.0% and 15.0%.

Conclusions of Law

4. The Patient Protection and Affordable Care Act (ACA) generally requires that all Americans maintain minimal essential health coverage. In addition, employers with 50 or more full-time employees must offer minimum essential health coverage to substantially all of their full-time workforce.

5. On December 16, 2014, Congress enacted the Expatriate Health Coverage Clarification Act of 2014 (EHCCA). The EHCCA applies to expatriate health plans—insurance coverage for American citizens working abroad— issued or renewed on or after July 1, 2015.

6. Under the EHCCA, expatriate health plans are generally not subject to ACA requirements. Instead, the EHCCA requires that such plans meet certain requirements that are considered minimal essential health coverage; for example, plans must meet applicable pre-ACA requirements such as compliance with provisions of the Health Insurance Portability and Accountability Act (HIPAA) and mental health parity requirements, cover at least 60% of the costs covered under a typical large group health plan, and cover dependents until age 26 if the plan provides dependent coverage.

7. Against this backdrop, we approve this filing for several reasons. First, although the administrative costs exceed those in plans we typically review, expatriate health plans are in fact different—they are more costly to administer than standard major medical plans—and consequently receive different treatment under the ACA and regulations pertaining to minimum loss ratio requirements. 45 C.F.R. § 158.120(d)(4).

8. Second, at this time there are no affected members and no increase in rates, and therefore no discernible effect on Vermonters. Indeed, neither the HCA nor members of the public have voiced comments or concerns regarding this filing.

9. Last, expatriate health plans provide needed coverage for a specific sector of our citizenry, and have accordingly been addressed under federal health care law. Although there are presently no members affected by this particular filing, our approval allows this coverage to become available should an employer determine it is needed and appropriate.

Order

Based on the reasons discussed above, we approve 4 Ever Life Insurance Company's Global Health Guard Ex-Patriot Rate Filing as filed.

So ordered.

Dated: August 31, 2015 at Montpelier, Vermont

s/ Alfred Gobeille)
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s/ Cornelius Hogan)
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s/ Jessica Holmes)
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s/ Betty Rambur)
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s/ Allan Ramsay)

GREEN MOUNTAIN
CARE BOARD
OF VERMONT

Filed: August 31, 2015

Attest: s/ Janet Richard

Green Mountain Care Board, Administrative Services Coordinator

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Board (by e-mail, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made. (E-mail address: Janet.Richard@vermont.gov). Appeal of this decision to the Supreme Court of Vermont must be filed with the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.