

RULES
OF
OFFICE OF INSURANCE AND SAFETY FIRE COMMISSIONER
CHAPTER 120-2-104
PREMIUM RATES AND PATIENT PROTECTION AND AFFORDABLE CARE ACT
Table of Contents

Section

- 120-2-104-.01 Statutory Authority**
- 120-2-104-.02 Purpose and Interpretation**
- 120-2-104-.03 Individual Accident and Sickness Policies**
- 120-2-104-.04 Group Accident and Sickness Policies**
- 120-2-104-.05 Severability**
- 120-2-104-.06 Repeal of Chapter**

PREMIUM RATES AND THE PATIENT PROTECTION AND AFFORDABLE CARE ACT

Table of Contents

Section

- 120-2-104-.01 Statutory Authority**
- 120-2-104-.02 Purpose and Interpretation**
- 120-2-104-.03 Individual Accident and Sickness Policies**
- 120-2-104-.04 Group Accident and Sickness Policies**
- 120-2-104-.05 Severability**
- 120-2-104-.06 Repeal of Chapter**

120-2-104-.01 Statutory Authority

This chapter is made and promulgated by the Insurance Commissioner pursuant to O.C.G.A. Sections 33-2-9, 33-29-22, and 33-30-13.

120-2-104-.02 Purpose and Interpretation

The purpose of this chapter is to inform the public about the correlation between anticipated health insurance premium rate increases and the Patient Protection and Affordable Care Act ("PPACA"). Nothing in this chapter prohibits an insurer from disclosing to a consumer as a part of its notice a summary of the changes created by PPACA, including enhanced minimum benefits or the possible cost-shifting components of PPACA.

Authority: O.C.G.A. Section 33-2-9.

120-2-104-.03 Individual Accident and Sickness Policies

(a) Notice of any premium increase shall be mailed or delivered to each holder of an individual accident and sickness insurance policy not less than 60 days prior to the effective date of such increase.

(b) Concurrently with any notice of premium increase or offer of new coverage because of discontinuance or termination of an existing plan of coverage, an insurer shall provide an estimate as to the amount or percentage of any premium increase which is attributable to the PPACA. Such notices shall include the following statement: "These increases are due to the federal Patient Protection and Affordable Care Act and not the enactment of any laws or regulations of the Governor of Georgia, the Georgia General Assembly, or the Georgia Department of Insurance."

(c) When determining estimates of the amount or percentage of premium increases which are attributable to the PPACA, insurers must analyze the following and may include additional relevant factors:

- (1) The new taxes and fees imposed under PPACA;
- (2) Policies being guaranteed issue with modified community rating;
- (3) The Essential Health Benefits;
- (4) The age rating bands;
- (5) The effect of a 70% actuarial value (out-of-pocket limit impact factored);
- (6) The impact of the individual mandate on the risk pool;
- (7) The impact of subsidies on the risk pool; and
- (8) The impact of the risk adjustment and reinsurance mechanisms in PPACA.

(d) Each insurer shall perform an analysis of rate impact upon comprehensive or major medical health coverage according to the following conditions:

- (1) Each insurer shall estimate the average premium impact upon a 21 year old, 40 year old, and 60 year old male and female; and
- (2) When determining the average premium impact on each of the individuals listed in subparagraph (1) of paragraph (d), an insurer may use as a basis:
 - (i) A product similar to the one owned by the recipient of the notice;
 - (ii) Each type of product sold by the company in the individual market; or
 - (iii) The most common policy sold in the individual market.

(e) Each disclosure shall be in a form compliant with the following conditions:

- (1) An itemized estimate is not required for each factor listed in subparagraphs (1) through (8) of paragraph (c). However, each estimate shall, at a minimum, incorporate the applicable factors listed in that section;
- (2) A notice may show an estimate for each average individual in subparagraph (1) of paragraph (d) or it may include only the age range closest to the recipient;
- (3) Each estimate may be displayed in a range based upon the company's estimates; and
- (4) A notice may use as a basis a product identified by items (i), (ii), or (iii) of subparagraph (2) of paragraph (d) provided that:
 - (i) If a notice uses as a basis the products identified by item (ii) of subparagraph (2) of paragraph (d), then an estimate must be provided for each of those products; and
 - (ii) If a notice uses as a basis the products identified by item (iii) of subparagraph (2) of paragraph (d), then such notice shall include a web address where the recipient can go to the insurer's website to view the disclosure information for each product listed in item (ii) subparagraph (2) of paragraph (d).

Authority: O.C.G.A. Sections 33-2-9 and 33-29-22.

120-2-104-.04 Small Group Accident and Sickness Policies

(a) Notice of the maximum amount of a group premium increase shall be mailed or delivered to the group policyholder and to each employer group or subgroup insured under the group policy not less than 60 days prior to the effective date of such increase.

(b) Concurrently with any notice of premium increase or offer of new coverage because of discontinuance or termination of an existing plan of coverage, an insurer shall provide an estimate as to the amount or percentage of any premium increase which is attributable to the Patient Protection and Affordable Care Act. Such notices shall include the following statement: “These increases are due to the federal Patient Protection and Affordable Care Act and not the enactment of any laws or regulations of the Governor of Georgia, the Georgia General Assembly, or the Georgia Department of Insurance.”

(c) When determining estimates of the amount or percentage of premium increases which are attributable to PPACA, insurers must analyze the following but may analyze additional relevant factors:

- (1) Policies being issued using modified community rating;
- (2) The Essential Health Benefits;
- (3) The effect of a 70 percent actuarial value; and
- (4) Taxes and fees;

(d) Each insurer shall perform an analysis of rate impact upon comprehensive or major medical health coverage according to the following conditions:

- (1) Each insurer shall estimate the average premium impact upon the average small group;
- (2) When determining the average premium impact on each small group listed in subparagraph (1) of paragraph (d), an insurer may use as a basis:
 - (i) A product similar to the one owned by the recipient of the notice;
 - (ii) Each type of product sold by the company in the small group market; or
 - (iii) The company’s most common policy sold in the small group market.

(e) Each disclosure shall be in a form compliant with the following conditions:

- (1) An itemized estimate is not required for each factor listed in subparagraph (1) through (4) of paragraph (c). However, each estimate shall, at a minimum, incorporate the applicable factors listed in that section.
- (2) Each estimate may be displayed in a range based upon the company’s estimates; and
- (3) A notice may use as a basis a product identified by items (i), (ii), or (iii) of subparagraph (2) of paragraph (d) provided that:
 - (i) If a notice uses as a basis the products identified by item (ii) of subparagraph (2) of paragraph (d), then an estimate must be provided for each of those products; and
 - (ii) If a notice uses as a basis the products identified by item (iii) of subparagraph (2) of paragraph (d), then such notice shall include a web address where the recipient can go to the insurer’s website to view the disclosure information for each product listed in item (ii) subparagraph (2) of paragraph (d).

Authority: O.C.G.A. Sections 33-2-9 and 33-33-30-13.

120-2-104-.05 Severability

If any rule or portion of a rule in this chapter or the applicability thereof to any particular circumstances is held invalid by a court of competent jurisdiction, the remainder of the rules or the applicability of such provision to other persons or circumstances shall not be affected.

Authority: O.C.G.A. Sections 33-2-9

120-2-104-.06 Repeal of Chapter

This chapter shall stand repealed on December 31, 2014.

Authority: O.C.G.A. Sections 33-2-9, 33-29-22, and 33-30-13.