



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

BULLETIN No. MC-21

August 18, 2014

TO: All Qualified Health Plan Issuers Participating in the Access Health CT Exchange

RE: Segregation of Funds for Abortion Services

This bulletin repeals and replaces FS-27 which was issued September 10, 2013.

BACKGROUND

Section 1303 of The Patient Protection and Affordable Care Act, Pub.L.111-48, as amended by the Health Care and Education Reconciliation Act of 2010, Pub.L.111-152 (collectively "ACA") requires that if any issuer offering a Qualified Health Plan ("QHP") on an Exchange offers coverage for certain non-excepted abortion services as defined in the ACA, the issuer must segregate the funds associated with that coverage. Issuers must separate premium payments for the non-excepted abortion coverage and other coverage under the plan, deposit the separate payments into separate allocation accounts, and limit payments for non-excepted abortion services to the funds in those separate allocation accounts. The ACA delegates to State Insurance Commissioners the responsibility for ensuring compliance with the segregation requirements "in accordance with applicable provisions of generally accepted accounting requirements, circulars on funds management of the Office of Management and Budget and guidance on accounting of the Government Accountability Office."

The federal regulation implementing this provision of the ACA (45 CFR §156.280) provides that each QHP that participates in an Exchange and offers coverage for the non-excepted abortion services should, as a condition of participating in an Exchange, submit a plan to the State Insurance Commissioner that details its process and methodology for complying with the fund segregation requirements ("segregation plan"). The regulation requires that the segregation plan "describe the QHP issuer's financial accounting systems, including appropriate accounting documentation and internal controls, that would ensure the segregation of funds required by section 1303(b)(2)(B)(C),(D), and (E) of the ACA.

The regulations provide that the segregation plan should include:

(A) The financial accounting systems, including accounting documentation and internal controls, that would ensure the appropriate segregation of payments received for coverage of services described in the regulation from those received

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for coverage of all other services;

(B) The financial accounting systems, including accounting documentation and internal controls, that would ensure that all expenditures for the services described in the regulation are reimbursed from the appropriate account; and

(C) An explanation of how the QHP issuer's systems, accounting documentation, and controls meet the requirements for segregation accounts under the law. 45 C.F.R. § 156.280(5)(ii).

In addition to the segregation plan, each QHP issuer participating in an Exchange must provide the State insurance commissioner an annual assurance statement attesting that the plan has complied with section 1303 of the Affordable Care Act and applicable regulations.

FILING REQUIREMENT

Each issuer offering a QHP on the Access Health CT Exchange must submit to the Market Conduct Division of the Insurance Department, a segregation plan that details its process and methodology for complying with the fund segregation requirements as provided in the regulation. The plan must be accompanied by an assurance statement attesting that the segregation plan complies with section 1303 of the ACA and 45 C.F.R. § 156.280. The processes and methodologies detailed in the plans may be subject to verification during a Financial and/or Market Conduct statutory exams.

Plans do not have to be submitted annually. Once the initial plan is filed, plans need to be updated only if changes are made.

Submissions may be made using any of the following methods:

Mailing address: P.O. Box 816
Hartford, CT 06142-0816

Office Address: 153 Market Street, 7th Floor
Hartford, CT 06103

Electronically: cid.mc@ct.gov

The office address must be used for all express or special delivery mail or for hand delivery.

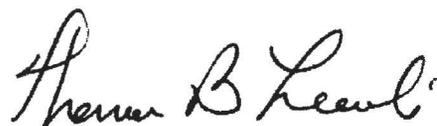
Plans should consider the plan is acceptable unless the Department otherwise indicates.

The Department will treat these plans as public documents. If the filer asserts a claim of confidentiality, these plans will not be subject to confidential treatment unless they meet an exemption from the Connecticut Freedom of Information Act ("FOIA"). Plans seeking consideration confidential treatment must ask for confidential treatment and provide a basis for the FOIA exemption. The filer must specifically identify the document or portions of the document for which confidentiality is being asserted and describe the specific basis under the FOIA upon which the assertion is being made. When a claim of

confidentiality is asserted for only a portion of the document, the filer may want to submit a second redacted public version of the segregation plan.

If the Department disagrees with the assertion of confidentiality, the filer will be notified and given an opportunity to present an argument in support of the validity of the assertion of confidentiality. The Department will notify the filer should the Department receive any request for, or a subpoena requiring production of, the plan, or any part of the plan for which the Department disagrees with the assertion of confidentiality. This will give the filer the opportunity to seek relief from a court of competent jurisdiction.

Please contact the Insurance Department Market Conduct Division at 860-297- 3898, cid.mc@ct.gov with any questions.

A handwritten signature in black ink, reading "Thomas B. Leonardi". The signature is written in a cursive, flowing style with a large initial 'T'.

Thomas B. Leonardi
Insurance Commissioner