

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 the nationwide “Blue Card” network operated by the national association of Blue Cross Blue Shield entities.

4. This filing is for a new product. Thus, there are no affected members, and there is no rate increase. The company also covers a single policy with 14 enrollees in Vermont under its previous Global Health Guard product that is not directly affected by the present filing.

5. The company developed premiums for the plan utilizing nationwide experience from its older Global Health Guard block of business from 2011-2016. There are currently approximately 18,000 members nationwide; the membership has experienced an average loss ratio of 66.8% during the experience period.

6. The filing includes proposed expenses and commissions that total 40% of premium, broken down as follows: 19% for administration; an average of 13% for commissions (ranging from 0% to 20%); 2.0% for premium taxes, and 6.0% for contingency and risk margin. The anticipated loss ratio is 60%.

7. On review of the company’s solvency, the Department opined that the proposed rates would sustain the company’s solvency. The Department stated 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 its 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)(3); 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).

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 (HIPPA) 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. The proposed administrative costs are reasonable even though they exceed those in plans we typically review. Expatriate health plans are more expensive to administer than standard major medical plans because they must process claims without the aid of U.S.-standardized billing codes and sometimes not submitted in English. Consequently, expatriate plans receive different treatment under the ACA and regulations pertaining to minimum loss ratio requirements, allowing for this additional administrative expense.

8. While the unusually high administrative expense load may be necessary to administer international coverage, we cannot agree that the substantial proposed commission expenses are similarly justifiable. The company is the only carrier offering expatriate employee coverage to businesses in Vermont. With employers facing no range of options between carriers, broker expertise is of limited benefit to both policy holders and rate payers. To maximize affordability,

fairness, and equity to policyholders, we therefore order a 5% reduction in the proposed commission expense load to reflect a reduction from an average commission of 13% to an average commission of 8%. We further prohibit any commissions greater than 15% to be paid in Vermont. This modified commission structure is consistent with that approved in 2015 for the company's older Global Health Guard product under Docket No. GMCB-009-15rr.

9. Expatriate health plans provide needed coverage for a specific sector of our citizenry, promote access to healthcare, and are governed by specific federal regulatory standards. Although there are presently no members directly affected by this filing, our approval with modification ensures that this coverage is 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 after modification. Specifically, we order the filing to be modified to reduce the average commission expense to 8% from 13%, and to reduce the maximum allowed commission from 20% to 15%.

So ordered.

Dated: August 31, 2017 at Montpelier, Vermont

s/ Cornelius Hogan)
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s/ Jessica Holmes)
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s/ Robin Lunge)
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s/ Kevin Mullin)
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s/ Maureen Usifer)

GREEN MOUNTAIN
CARE BOARD
OF VERMONT

Filed: August 31, 2017

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: Marisa.Melamed@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.