



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

BULLETIN No. FS-27
September 10, 2013

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

RE: Segregation of Funds for Abortion Services

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 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

Commencing October 1, 2013, and then annually thereafter, each issuer offering a QHP on the Access Health CT Exchange must submit to the Financial Regulation Division, with a copy 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 should consider the plan is acceptable unless the Department otherwise indicates.

Please contact the Insurance Department Financial Regulation Division at 860.297.3814, ctinsdept.financial@ct.gov or the Market Conduct Division at 860-297- 3898, cid.mc@ct.gov with any questions.



Anne Melissa Dowling
Deputy Insurance Commissioner