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Emergency Regulation to Enforce Medical Loss Ratio in Patient Protection and Affordable Care Act of 2009 Made Permanent

February 10, 2012 by John M. LeBlanc and Jason C. Love

On Thursday February 9, 2012, California Insurance Commissioner Dave Jones announced that he had obtained approval from the California Office of Administrative Law to make permanent the emergency regulation issued in 2011 allowing the Department of Insurance (the "Department") to enforce the medical loss ratio guidelines in the Patient Protection and Affordable Care Act of 2009 ("PPACA") (which we previously discussed here).

As of January 1, 2011, the PPACA required all health insurers in the individual market to maintain an 80% medical loss ratio.

The Department obtained approval to make permanent its amendment to 10 California Code of Regulations § 2222.12 to reflect this requirement. A copy of the text of the regulation can be viewed here.

This permanent regulation went into effect on February 8, 2012.

The regulation adopted by the Department contains more stringent requirements than PPACA, as it allows the Department to evaluate whether the 80% medical loss ratio will be met at the time a rate is filed with the Department, rather than waiting until the end of the year to determine if this ratio was satisfied.