Memorandum

December 11, 2012

To: Steve Ostlund, Chair, HCRAWG Medical Loss Ratio Subgroup

Re: Comments for December 12, 2012 Conference Call

America’s Health Insurance Plans (AHIP) appreciates the opportunity to provide these comments with respect to the IRD’s distributed by Eric on December 10, 2012. All of these have a preliminary resolution that was prepared prior to the release of proposed CME regulations on the reinsurance, risk corridor and risk adjustment impacts on the MLR calculations that were released in November 2012. AHIP is the nation’s trade association representing member companies providing health, long-term care, dental, disability and supplemental coverage to more than 200 million Americans.

IRD14-001 deals with risk corridor charges and payments. We support the adoption of a modified resolution to recognize the proposed method of addressing risk corridor charges and payments as released by CMS and not limiting the wording to “as directed in statutory language of section 2718.” We do not support the preliminary resolution as currently worded.

IRD14-002 deals with risk adjustment payments and charges. We support the adoption of a modified resolution to recognize the proposed method of addressing risk adjustment payments and charges as released by CMS and not limiting the wording to “as directed in statutory language of section 2718.” We do not support the preliminary resolution as currently worded.

IRD14-003 deals with reinsurance contributions and payments. We support the adoption of a modified resolution to recognize the proposed method of addressing reinsurance contributions and payments as released by CMS and not limiting the wording to “as directed in statutory language of section 2718.” We do not support the preliminary resolution as currently worded.

IRD14-004 deals with the need for a delay in the reporting of MLR statistics and the time frame for rebate payments. We do not support the preliminary resolution. We do support the time frames outlined by CMS in their proposed regulations in November 2012.

IRD14-005 deals with the use of accruals for the impacts of the risk corridor, risk adjustment and reinsurance programs. While the revised reporting dates proposed by CMS should allow for the use of paid amounts in most cases, it is appropriate to allow the use of accruals where the payment process has not been completed. As such, we support the use of accruals along with the use of revised reporting dates.
IRD14-006 deals with using accruals form a date earlier than March 31. We believe this IRD is no longer relevant and should be eliminated.

IRD14-014 deals with the possible changing of the manner for reporting experience refunds, rate credits and state rebates in the MLR calculations. We support the preliminary resolution that no changes are appropriate.

IRD14-017 deals with the reporting of prior year rebates paid in the current year’s MLR calculations. We note that IRD14-018 also addresses this issue. We do not believe that IRD14-017 should be considered for final resolution until there has been a full discussion and preliminary resolution for IRD14-018. At that time a consistent basis should be established for both IRDs. If delay is not to be considered, we oppose the preliminary resolution of IRD14-017 which would change the method of dealing with prior year rebates.

In keeping with the IRD process, we request that these comments be incorporated into the “documentation” as appropriate for each IRD.

Thank you.

Sincerely,

William C. Weller,
Omega Squared – consultant to AHIP

cc: Candy Gallaher SVP State Policy - AHIP
    Eric King, NAIC staff to HATF