To:       Jay Ripps, Chair of the Health Care Reform Actuarial (B) Working Group  
From:    Frank Horn, Chair of the Self-Insurance (B) Subgroup  
Date:   5/30/2012  
Re:       The Subgroup’s interpretation of the Milliman report  

Background Information  
The Self-Insurance Subgroup was charged with recommending updates to the parameters in Sections 3(A)(1)(a), (b) and (c) of the current NAIC Stop Loss Insurance Model Act. The Subgroup engaged Milliman to perform an update to the study that was performed by Coopers and Lybrand in 1994; that study was used to develop the current parameters in the above mentioned Sections of the Model Act. 

The Subgroup has had an opportunity to review the Milliman report and has reached a consensus with regard to what revised parameters are being indicated by that report. The Subgroup reached its consensus based on the scope provided by the ERISA Subgroup of interpreting the Milliman report with the purpose of updating the four numbers referenced below under Interpretations. When the forthcoming result of the Supreme Court’s ACA case is published, the Subgroup’s opinions may change; as such, the Subgroup’s charge should be revisited. 

Interpretations  
It is generally the opinion of the Subgroup that the Milliman report supports increasing the “20,000”, which appears in Sections 3(A)(1)(a) and 3(A)(1)(b)(iii) to “60,000”. The Subgroup also is generally of the opinion that the report supports increasing the “4,000”, which appears in Section 3(A)(1)(b)(i), to “15,000”. Additionally, the Subgroup is generally of the opinion that the report supports increasing the “120 percent”, which appears in Section 3(A)(1)(b)(ii), to “130 percent”. Lastly, the Subgroup was generally of the opinion that the report did not provide ample support to warrant a change to the “110 percent” in Section 3(A)(1)(c).