

**NAIC CONSUMER LIAISON**  
**REPRESENTATIVE RECOMMENDATION**  
**TO THE NAIC EXECUTIVE (EX) COMMITTEE**

(Please submit completed request form to Lois Alexander (NAIC) for processing)

**RECOMMENDED BY:** \_\_\_\_\_Lynn Quincy and Kathleen Gmeiner\_\_\_\_\_

**DATE:** \_March 29, 2014\_(see 3/27/15 update below for all three requests)\_\_\_\_\_

**ISSUE:**

High and rising health care costs continue to threaten access to health coverage and health care. The Affordable Care Act brings more comprehensive coverage to millions of Americans, but the law's promise will not be fully met if rising provider prices and other forces result in unaffordable premiums and cost-sharing. High and rising levels of spending also undermine household, employer and government budgets.

**COMMITTEE REFERRAL RECOMMENDATION:**

(A)\_\_\_\_\_ (B)\_\_\_x\_\_\_ (C)\_\_\_\_\_ (D)\_\_\_\_\_ (E)\_\_\_\_\_ (F)\_\_\_\_\_ (G)\_\_\_\_\_

**ACTION REQUESTED/CHARGE RECOMMENDED:**

We call upon the NAIC to establish a working group to study the issue of regulators' role in addressing rising health care costs and to develop model laws, regulations, templates and other materials to facilitate the work of state regulators in support of containing the underlying costs that contribute to premiums increases.

**NAIC ACTION:**

**RECOMMENDATION ACCEPTED:** \_\_\_\_\_

**RECOMMENDATION DECLINED:** \_\_\_\_\_

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**ISSUE:**

Effective rate review helps prevent unjustified premium rate increases and puts money back in the pockets of consumers. In most states, regulators have historically regulated insurance companies as third-party payers, without regard to their ability to influence the quality and efficiency of health care delivery or the management of healthcare costs. Now states are taking a fresh look at the use of rate review to hold insurers more accountable for the affordability of health care and health coverage.

**COMMITTEE REFERRAL RECOMMENDATION:**

(A)\_\_\_\_\_ (B)\_\_\_x\_\_\_ (C)\_\_\_\_\_ (D)\_\_\_\_\_ (E)\_\_\_\_\_ (F)\_\_\_\_\_ (G)\_\_\_\_\_

**ACTION REQUESTED/CHARGE RECOMMENDED:**

**WE RECOMMEND:**

The NAIC hold a public hearing and report on the full scope of ways in which state insurance commissioners can request and implement new authority to enhance their rate review process so that it supports state efforts to contain health care cost growth.

**NAIC ACTION:**

**RECOMMENDATION ACCEPTED:** \_\_\_\_\_

**RECOMMENDATION DECLINED:** \_\_\_\_\_

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**ISSUE:**

Regulators do not have the critical information needed about spending flows, outliers and “hot spots” to inform trend analysis to ensure accuracy in health insurance rate setting and allow for longitudinal comparisons to evaluate premiums over time. Also consumers don’t have the information they need to become value purchasers in selecting a health plan. The availability of an All Payer Claims Data base could provide such information to regulators, and allow regulators to carry out the educational function of informing consumers how to shop for value.

**COMMITTEE REFERRAL RECOMMENDATION:**

(A)\_\_\_\_\_ (B)\_\_\_x\_\_\_ (C)\_\_\_\_\_ (D)\_\_\_\_\_ (E)\_\_\_\_\_ (F)\_\_\_\_\_ (G)\_\_\_\_\_

**ACTION REQUESTED/CHARGE RECOMMENDED:**

**WE RECOMMEND:**

The NAIC hold a public hearing and write a report on best practices with respect to All Payer Claims Datasets and the ways in which state insurance commissioners can use data collection to reveal spending patterns and constrain health care costs for consumers. Among other things, this report should provide recommendations with respect to

- incorporating data from integrated systems (HMOs) that may not have conventional claims data;
- how many “payers” should be included (Medicaid? Public pension health systems?);
- where the APCD should reside; and
- who would be the arbiter of what is public vs. proprietary information?

We specifically urge commissioners to examine the issue of anti-competitive gag clauses, which can impede the ability to measure, publicly report, and promote health care competition based on costs and value.

**NAIC ACTION:**

**RECOMMENDATION ACCEPTED:** \_\_\_\_\_

**RECOMMENDATION DECLINED:** \_\_\_\_\_

## **Staff Support Feedback**

Lynn Quincy and Kathleen Gmeiner request that the Committee: 1) establish a working group to look at health care costs and to develop model laws, regulations, templates, etc to facilitate the work of state regulators in support of containing underlying costs that contribute to premiums; 2) hold a public hearing and develop a report on related to rate review processes to support state efforts to contain health care cost growth; and 3) hold a public hearing and write a report on best practices with respect to all payer claims datasets and the ways in which state insurance regulators can use this data to reveal spending patterns and constrain health care costs for consumers.

## **Status Update**

Before establishing working groups or holding a public hearing on any of these issues all related to health care costs, the Committee needs hold an information-gathering session to better understand the mechanisms, such as through all payer claims datasets, that consumer representatives and other stakeholders believe state insurance regulators have to contain health care costs. Such a session could be held in conjunction with the Fall National Meeting. After that session is held, the Committee will be in a better position to determine if something more needs to be done and what mechanisms should be further explored.

Other priorities have crowded the Committee's Fall National Meeting agenda. The goal is to try to hold such a session sometime in 2015 assuming Committee members would support it.

**3/27/15 UPDATE:** No change.