Summary Report

The Reconciliation (E) Technical Group of the Health Reform Solvency Impact (E) Subgroup met via conference call April 23, 2012. During this meeting, the Technical Group:

1. Discussed the issues that would impact the reconciliation between the U.S. Department of Health and Human Services (HHS) medical loss ratio (MLR) form and the NAIC Supplemental Health Care Exhibit (SHCE). The reconciling items considered were:
   a) Credibility adjustment as it relates to the number of lives included in the SHCE and the average deductible that is not included.
   b) Three months’ claim run-out where the approach might differ among companies.
   c) Small group definition difference.
   d) MLR rebates included or excluded from future MLR calculations.
   e) New business excluded or deferred in the MLR form, but reported in the SHCE.
   f) Premiums written by more than one entity (e.g., point-of-service product) that are combined on the MLR reporting form, but reported separately in the SHCE.
   g) Blended rate adjustments.
   h) Allocation of quality improvement expenses.

2. The Technical Group members discussed related issues, including:
   a) The form being a separate filing and electronically captured, either public or confidential.
   b) The reconciliation process is not intended to duplicate the efforts of the Health Reform Exam (E) Technical Group.
   c) The form being solvency focused.
   d) Consideration for various levels of review.
   e) Scheduling a regulator-to-regulator call to frame the issues.