The Health Reform Solvency Impact (E) Subgroup met April 21, 2010. During this meeting, the Subgroup:

1. Summarized current directions/assumptions as:
   - Data for the Medical Loss Ratio (MLR) calculation will be before reinsurance considerations, except for the federal risk adjustment mechanism that begins in 2014 as a result of the Affordable Health Care for America Act (H.R. 3590) legislation.
   - For stop loss and stabilization mechanism, the real question to answer is whether those amounts should reduce premium or claims numbers.
   - Reporting will be on an individual entity level to reflect “issuer” in the legislation.
   - The products covered in the MLR calculation will exclude the government programs, even the “at risk” programs, and considering HIPAA products seems to be the direction.
   - Using the Senate reconciliation language on MLR, the starting point for data categories will be:
     - Premium earned
     - Claims incurred
     - Pooling and risk adjustment payments or adjustments
     - Health quality improvement costs
       - The Subgroup is starting with cost containment as defined in SSAP 85 and backing out items not related to quality and including quality improvement costs currently excluded from cost containment (NAIC staff were directed to make the definition available on the website).
   - This subgroup will craft a uniform definition of the components of MLR, but the MLR calculations for refund purposes will occur at the state level, separately for each breakout: individual, small group and large group.
     - HHS needs to consider any credibility standard for states without adequate experience data.
   - Note: The federal legislation allows states to merge individual and small group in the future (Massachusetts has already done this).

2. Discussed America’s Health Insurance Plans AHIP chart on MLR rules by state from legislation and regulation. The Chair indicated that the Subgroup would rely upon the work of the Accident and Health Working Group to provide edits and additions to the chart.

3. Reviewed initial data run provided by NAIC staff. NAIC staff were directed to provide the Accident and Health Exhibit references for the data pulled and post the information to the website.