Conference Call

HEALTH REFORM SOLVENCY IMPACT (E) SUBGROUP
Wednesday, May 12, 2010
10:30 a.m. – 12:30 p.m. Central Time

Summary Report

The Health Reform Solvency Impact (E) Subgroup met via conference call May 12, 2010. During the conference call, the Subgroup:

1. Discussed a draft blanks proposal.
   - Changed Line 1.4 from “Premiums earned less . . . .” to “Premiums earned including . . . .” Instructions need to be crafted to reflect assessments as reductions offsetting positive amounts in this line.
   - Changed Line 1.5 to read “Federal taxes and federal assessments” and the instructions to include federal income taxes allocated to premiums.
   - Changed Line 1.7 to read “State and local premium taxes” but noted that the inclusion of local insurance taxes on Line 1.6 as well as local premium taxes on Line 1.7 would be dependent upon the U.S. Health and Human Services (HHS) Department’s review of what is allowed under the statute.
   - Changed the instruction for Line 5.1 to exclude 24-hour nurse hotline as a category and instead include it as an example.
   - Comments highlighted questions around or responses needed for:
     - Federal and state high-risk pools and what should be included in the medical loss ratio (MLR).
     - Further examples of federal taxes and assessments for inclusion in the Line 1.5 instruction.
     - Inclusion of another category of expenses in the instruction for Line 2.1 incurred claims.
     - How to handle revenues and claims for fee-for-service business and staff/group-type insurers.
     - How to handle rebates paid and/or estimated, including whether a reduction of premium or claims (though they will be outside of the MLR calculation).
     - Instruction for Line 3 to address that there could be additional payments, retention of withholds or of shared savings.
     - “Hands on” instructions language modification for the Improving Health Care Quality Expenses categories to ensure that expenses for qualified remote services will be included and also to reflect broadly conceived programs that are not individual programs.
     - Language for the health information technology (HIT) portion of Improving Health Care Quality Expenses that would allow some patient satisfaction collection expenses to be allowed. Regulators expressed concern with being placed in a position of judging these types of considerations in which they have little familiarity or expertise, and suggested that HHS could consult on these types of finer consideration in HIT expenses.
     - The need to maintain objective and verifiable results for expenses meeting the definition of Improving Health Care Quality, including an indication that Section 3011 of the statute includes quality and efficiency expenses, whereas the Improving Health Care Quality Expenses should only include quality expenses.
     - Language for how to handle associations, currently listed under individual but which might need to be split between individual and group depending on the nature of the association.
     - New language for the treatment of self-insured plans because the income is currently netted against Sales and General Administrative expenses. Also discussed placement of self-insured business on the exhibit.

2. Released the revised draft blanks proposal for comment until 12 p.m. CT / 1 p.m. ET on May 17.

3. Announced that the next conference call would be 12 p.m. CT / 1 p.m. ET on May 19.