



An independent licensee of the Blue Cross and Blue Shield Association

June 2, 2010

Honorable Wayne Goodwin
Commissioner, North Carolina Department of Insurance
430 North Salisbury Street
Raleigh, NC 27611

By Electronic Mail

Dear Commissioner Goodwin:

As the state's largest health insurer, Blue Cross and Blue Shield of North Carolina (BCBSNC) has a long and distinguished history of helping to lead improvements to North Carolina's health care system. With the health care reform debate in Washington now behind us, we are committed to continuing with that mission – and to working with you and other critical stakeholders to make the new law work for the people of our state.

Many health care reform regulations that will govern our industry are still to be written. As those regulations are developed, on behalf of our 3.7 million customers, BCBSNC feels a responsibility to offer our comments on the issues for which we have expertise.

Specifically, we appreciate your considering BCBSNC's experience as the National Association of Insurance Commissioners works to provide recommendations to the Department of Health and Human Services related to definitions of medical loss ratios (MLRs) in section 2718 of the Public Health Service Act ("PHSA") as added by the Patient Protection and Affordable Care Act ("PPACA").

In consideration of the development of NAIC's MLR recommendations, we strongly believe that expenses related to improving health care quality should be adequately captured under the "quality improvement" component of the final MLR definition. Over the past few decades, BCBSNC and other health plans have demonstrated that such initiatives are critical to any insurer's ability to positively influence the health of its customers. BCBSNC has strived to improve the health overall of as many members as possible rather than focusing narrowly on small populations. We would like to highlight a few of the categories of activities that we believe should be included under "quality improvement", by providing a few examples of how BCBSNC has invested in quality improvement activities that have helped improve health and outcomes for our entire membership:

Provider outreach activities to develop and pilot new ways to improve quality:

- BCBSNC was the first North Carolina insurer to implement Bridges to Excellence (BTE), a program that recognizes and rewards physicians who meet stringent national

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quality of care standards. Data analysis shows that patients of BTE physicians receive fewer high-cost imaging tests and have fewer visits to the emergency room and specialists. As a result, annual health care spending is less per patient than for the BCBSNC customer population as a whole.

BCBSNC would prefer to keep available the option of providing incentives and rewards to physicians and hospitals, such as those used in Bridges to Excellence, in ways other than the traditional fee schedules.

- BCBSNC has also partnered with several primary care practices for an integrated, medical home model of care management collaboration that is being piloted this year. This project seeks to maximize the resources and care coordination efforts of BCBSNC and health care providers. By integrating services of BCBSNC and providers, a member's health care needs can be managed more efficiently and effectively, which will improve quality of care overall. In this effort, BCBSNC care management staff partner directly with physician practice staff and share information and provide assistance to patients that might otherwise require physician office staff resources.

Member health improvement activities:

- **Disease Management:** Our Member Health Partnerships programs offer educational materials and support services, including health coaching, to improve their health and manage specific health conditions, such as asthma, diabetes, tobacco cessation, weight management and more. These disease management programs provide direct benefits to BCBSNC members.
- **Nurse Line and Health Education:** Health Line Blue is the BCBSNC 24-hour-a-day/seven-days-a-week information resource that provides members with symptom support management, education, treatment decision support and chronic condition management by nurses, dietitians and respiratory therapists. Health Line Blue focuses on member education and encourages shared decision-making.

Patient safety activities:

- In 2006, BCBSNC joined forces with more than 100 North Carolina hospitals to help them reach their goal of becoming the safest hospitals in the nation. The purpose of the partnership is to reduce medical errors that result in costly complications and, in some cases, even death. BCBSNC is providing resources to enhance the efforts of these hospitals to implement nationally recognized quality improvement measures. North Carolina is taking a leadership role in implementing cutting-edge patient safety initiatives, as well as a collective push to improve overall quality of care. The result will be a win-win not only for the hospitals and their patients, but also for the state of North Carolina.

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It is important that activities such as those mentioned above are included in the quality improvement category of the MLR definition to ensure appropriate resources are available. BCBSNC customers and all other Americans deserve the right to maintain access to valuable programs that are targeting health improvement.

Regarding MLR reporting and rebate deadlines, we believe MLR reports should be filed annually and made due no earlier than June 30, with rebates paid by August 31. This will allow time after the end of the calendar year for claims to be submitted and paid, and thereby reduce the estimation needed to determine which claims were incurred but are still outstanding. After reports are filed, sufficient time is needed to identify which enrollees are due rebates and in what amounts. By way of example, Medicare Supplement loss ratio refunds are paid one month later – by September 30.

Thank you for your consideration of our comments on MLR requirements under PPACA and NAIC's work on this issue. Sustainable health care reform can only be successful if health insurers and health care providers collaborate and engage consumers. We're committed to doing our part. Please let me know if you have any question regarding these comments, the programs mentioned here or other quality initiatives.

Sincerely,



Don W. Bradley, M.D.
Senior Vice President, Chief Medical Director
Blue Cross and Blue Shield of North Carolina

cc: Mr. Lou Felice, Chair, Health Care Reform Solvency Impact Subgroup, National Association of Insurance Commissioners and Mr. Steve Ostlund, Chair, Accident and Health Working Group, National Association of Insurance Commissioners