



June 10, 2010

Mr. Lou Felice
Chair, Health Reform Solvency Impact Subgroup
National Association of Insurance Commissioners

Mr. Steve Ostlund
Chair, Accident and Health Working Group
National Association of Insurance Commissioners

By Electronic Mail

Dear Mr. Felice and Mr. Ostlund:

Known as "*The Voice of Florida Business*" in the Sunshine State, Associated Industries of Florida (AIF) has represented the principles of prosperity and free enterprise before the three branches of state government since 1920. A voluntary association of diversified businesses, AIF was created to foster an economic climate in Florida conducive to the growth, development, and welfare of industry and business and the people of the state.

We are writing because the minimum loss ratio model rule the NAIC is considering could have considerable impact on the ability of Florida's employers in providing affordable, quality health coverage to their employees. We request that you carefully construct your minimum loss ratio (MLR) recommendations so that these rules do not result in premium increases for our members. To help assure this, we ask that you recommend:

- 1) **Large Group MLRs should be reported nationally or at holding company level:** The current NAIC exposure draft would require state by state reporting of large group market expenses – even though many large employers are multi-state or national in employee scope. Requiring state by state reporting would require millions of dollars in system changes for insurers. And who pays for these upgrades? Employer accounts. Please don't require rules that would force employers to pay for unnecessary administrative costs. This is counter to the purpose of the minimum loss ratio regulation. Large employers don't need or want state by state minimum loss ratio reporting, and we certainly don't need the higher premiums they would generate.
- 2) **Quality definition should include utilization review and anti-fraud measures:** As employers, we ask insurers to help assure the provision of quality care. We expect that the provision of quality care will, in many instances, also reduce costs. Utilization review is an important tool to protect our employees against unnecessary and dangerous surgeries. The fact that there is a cost saving by-product should not disqualify this service from the minimum loss ratio calculation. Similarly, insurance anti-fraud activities are important in safeguarding our employees – and they also help assure affordable premiums. Please be sure that your minimum loss ratio recommendations recognize the important value of these services.

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We appreciate the NAIC's efforts on minimum loss ratio. AIF, on behalf of its members, implore you to assure that your recommendations don't cause further premium increases that challenge Florida's employers' ongoing ability to offer coverage.

Sincerely,

A handwritten signature in black ink, appearing to read 'Barney Bishop III'.

Barney T. Bishop III
President & Chief Executive Officer

cc: Todd Sells, Director, Financial Regulatory Services, NAIC
John Engelhardt, Chief Managing Actuary, Life/Health, NAIC
Brian Webb, NAIC