Conference Call

HEALTH REFORM SOLVENCY IMPACT (E) SUBGROUP
December 6, 2010

Summary Report

The Health Reform Solvency Impact (E) Subgroup met via conference call Dec. 6, 2010, to discuss potential revisions to the Supplemental Health Care Exhibit’s 2010 annual statement instructions.

1. Upon a motion made by Alabama and seconded by Wisconsin, the Subgroup unanimously adopted the following addition to the end of the first paragraph of instructions for Part 1, Line 1.6 (State Insurance, Premium and Other Taxes and Assessments):
   • “; or market stabilization redistributions, or cost transfers for the purpose of rate subsidies, not directly tied to claims, and that are authorized by state law.”

2. Upon a motion made by New Jersey and seconded by Maryland, the Subgroup unanimously exposed for 10 days:
   • Proposed revisions to the instructions for the 2010 Supplemental Health Care Exhibit:
     - General Instructions for Parts 1, 2 and 3 (underline and italics identifies exposed language):
       ▪ “A schedule must be prepared and submitted for each jurisdiction in which the company has written direct comprehensive major medical health business … Similarly, insurers in run-off (major medical claims incurred with zero major medical earned premiums) are not required to complete this supplement. If an insurer has direct business to include in Columns 1, 2 or 3 of Part 1 but also has some business in run-off (major medical claims incurred for 2010 policy year and prior, with zero major medical earned premiums or no coverage in place), the run-off claims and expenses results should be reported in Part 1, Column 6 (Other Health). Additionally, if the insurer’s business reported in …”
       ▪ Comprehensive health coverage, Columns 1 through 3, includes business that provides for medical coverages including hospital, surgical and major medical. Include risk contracts and Federal Employees Health Benefit Plan (FEHBP). Exclude mini med plans and expatriate plans.
       ▪ Do not include business specifically identified in other columns (i.e., uninsured business, Medicare Title XVIII, Medicaid Title XIX, vision only, dental only business, Insurance Program (SCHIP), Medicaid Program Title XXI risk contracts, and short-term limited duration insurance). Stop loss coverage for self-insured groups should be reported in Part 1, Column 5 (Other business excluded by statute).
     - Column Definitions for Parts 1 and 2:
       ▪ Column 5 – Other Business (Excluded by Statute)
         - Include short-term limited duration insurance and Medicare supplemental health coverage as defined under section 1882(g)(1) of the Social Security Act, if offered as a separate policy. Include coverage supplemental to the coverage provided under chapter 55 of title 10, United States Code, and similar supplemental coverage provided under a group health plan, hospital or other fixed indemnity coverage, specified disease or illness coverage and other limited benefit plans as specified by regulations promulgated by the U.S. Department of Health and Human Services (HHS) in consultation with the NAIC. Include mini med plans and expatriate plans.
     - Two proposals from UnitedHealth Group:
       ▪ “Reinsurance should be reflected only on the grand total (GT) page of the Supplemental Health Care Exhibit. This is consistent with the intent of the supplemental exhibit to track and compare financial results of health care business as reported in the annual financial statements. However, if the regulators feel that reinsurance should appear on a state-specific exhibit, all reinsurance should be reported in the company’s state of domicile.”
       ▪ “Report reinsurance in Column 6 ‘Other Health’ unless a determination is made to reflect certain reinsurance in Column 5 (Other business excluded by statute).”

3. The Lou Felice (NY), chair indicated that further discussion would occur on the subjects of capitation and RBC.