Conference Call

HEALTH REFORM SOLVENCY IMPACT (E) SUBGROUP
May 11, 2011

Summary Report

The Health Reform Solvency Impact (E) Subgroup met via conference call May 11, 2011. During this meeting, the Subgroup:

1. Discussed that Supplemental Health Care Exhibit data is being reconciled to the Accident and Health Policy Experience Exhibit for all statement types to verify consistency of reporting and to evaluate the need for enhanced instructions or clarifications.

2. Considered instructional clarifications to the 2011 Supplemental Health Care Exhibit blanks proposal.
   a. The allocation of federal income tax across the various lines of business as well as states.
   b. Reporting of negative tax and the impact to the medical loss ratio.
   c. Adding instructions for the agents and brokers fees and commission line.
   d. Clarify the use of the small group definition to be that of “the state business is written”.
   e. Reporting of Tricare business should be similar to that of large group business.
   f. The 2% rule does not preclude companies from filing Part 3 if amounts are reported in Part 1 as quality improvement expenses for the lines of business included in health care reform.

3. Discussed the need to develop analysis and exam procedures for review of the Supplemental Health Care Exhibit. A subgroup may need to be formed to fully develop these procedures.

4. Considered drafting a proposal document to the Health Insurance and Managed Care (B) Committee suggesting that the committee review new quality improvement initiatives for standardization and incorporation into the supplemental instructions.

5. Indicated a need to review the impact of ICD-10 expenses on company financials now that informational data has been submitted. Interested parties and consumer advocates offered to provide assistance in explaining the impact.