

May 17, 2010

National Association of Insurance Commissioners
701 Hall of the States
444 North Capitol Street, N.W.
Washington, D.C. 20001-1509

Sent via electronic mail to: tsells@naic.org

RE: 45 CFR Parts 146 and 148 Medical Loss Ratios; Request for Comments Regarding
Section 2718 of the Public Health Service Act

First Choice Health Network, Inc. is pleased to submit the following comments in response to the request for information concerning the development of the above-referenced Rules.

First Choice Health Network (FCHN) is the largest independent Preferred Provider Organization (PPO) in the Pacific Northwest, currently serving more than 1 million employees and family members. FCHN is a member of the American Association of Preferred Provider Organizations, the leading national association of preferred provider organizations (PPOs) of insurers and non-risk PPO networks.

FCHN provides access to our URAC-accredited provider network of physicians, hospitals, clinics and other health care providers to employers, insurers, union trusts, third party administrators and other payers. We are also the provider network used by the State of Washington Health Insurance Partnership (WSHIP), the state high risk pool, and will also serve as the provider network for the new federal high risk pool in Washington State if, as anticipated, WSHIP is awarded a contract with HHS to establish and administer the federal temporary high risk health insurance pool in Washington.

FCHN is a long-established local businesses that has proudly served the Pacific Northwest since 1985. We understand the unique needs of our region, and through our network, allow employers, union trusts, insurers and others to provide high-quality health care services to their members and employees.

In addition to providing access to our high quality network, FCHN also provides URAC-accredited Health Utilization Management, Case Management and physician and provider

Credentialing, each of which enhances the quality of health care services provided to our members.

We, like most AAPPO member networks, are non-risk – we are not an insurance company and do not assume the financial risk for the health care services provided to members. Rather, we “lease” our network to employers, union trusts, third-party administrators and other payers in exchange for an access fee. A portion of that fee covers the cost we incur in ensuring that our network meets all applicable quality standards and adequacy requirements.

We write today to endorse the comments previously submitted to HHS and NAIC by AAPPO’s President and CEO, Karen Greenrose. We agree that it is vital that the health improvement aspects of network development and management are recognized as part of medical loss ratios. More specifically, the percentage of network fees that can be documented and verified by insurers pertaining to network quality standards with respect to accreditation standards, state network adequacy requirements, medical/case management and specialty provider standards should be considered as expenses improving health care quality in any medical loss ratio.

We appreciate your consideration of our comments, and if we can provide any additional resource information to substantiate our comments please do not hesitate to contact me.

Thank you for your consideration.

Very truly yours,



Ken Hamm
President and CEO
First Choice health Network, Inc.