



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Sean Dilweg, Commissioner

Wisconsin.gov

May 14, 2010

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Mr. Lou Felice
Chair, Health Reform Solvency Impact Subgroup
c/o National Association of Insurance Commissioners
2301 McGee Street, Suite 800
Kansas City, MO 64108-2662

Re: Supplemental Health Care Exhibit

Dear Mr. Felice:

The Health Reform Solvency Impact Subgroup has made great strides over the past few weeks in developing a supplemental exhibit for reporting health insurance information in a manner that is consistent with the PPACA. I believe we will have an exhibit that will be very useful in monitoring insurers' medical loss ratios. There are a couple of issues I would like to comment on, premium allocation and health information technology.

The instructions to the draft form require premiums be split by the situs of the policy form. This reporting method could unfairly disadvantage insureds living in low-cost geographical areas. The concern is that there are association plans that are situated in one state that have a significant number of insureds residing in other states. Certificate holders that live in areas with lower health care costs may not recover rebates because a large number of insureds living in much higher cost areas drive up the MLR. This topic was touched on during various calls, but has yet to be fully vetted. I believe it would be prudent to have more in-depth discussion on the topic.

I noticed that the language with respect to health information technology (HIT) as it relates to the Health Insurance Portability and Accountability Act has been removed. As evidenced by the straw poll taken during the most recent subgroup meeting, Wisconsin supports the removal as do a large majority of the subgroup members. I believe the language was too broad and prone to misinterpretation and abuse. It is our strong belief that requiring HIT expenses to be consistent with the instructions for Line 5.2 will result in an MLR that more accurately reflects true quality improvement initiatives, in keeping with the intent of the PPACA.

Thank you for taking our comments and we look forward to continuing discussion on these important and unresolved topics.

Sincerely,

Richard A. Hinkel
Insurance Examiner Supervisor
Bureau of Financial Analysis and Examinations