

Via Email

From: "Kammer, Randy" []

Sent: 05/18/2010 02:04 PM AST

To: "Ostlund, Steven" <>; Louis Felice; "Sells, Todd" <>; "Al Willis" <>

Cc: "Philips, Julia" <>; K Gloria Dee; "Diamond, Richard H" <>; "Webb, Brian R." <>; "Engelhardt, John" <>; "King, Eric" <>; "Goldberg, Josh" <>; "Tucker, Sondra" <>; "McDonald, Deanna" <>; "Lynch, Doug" <>; "Modaff, Jim" <>; "Gardner, Joan" <>; "Zolecki, Joseph" <>

Subject: RE: Comment from BCBS FL

Hello Steve.

Thank you so much for recognizing this issue, of critical import to BCBSF, even though it only affects a few health plans. We appreciate your communication and would only ask to add/clarify the following:

Add specific language to tie the new exhibits to the income statement; and
Make certain that the final wording has an explicit reference to SSAP 54.

As Al Willis knows, we find ourselves in this situation because we were strictly compliant with Florida law.

Thanks to all of you for considering and (hopefully) adopting these changes.

Please let me know if there is anything else that we need to do to get this accomplished.

Thank you again for your time and effort,
Randy Kammer

From: Ostlund, Steven []

Sent: Monday, May 17, 2010 6:45 PM

To: Felice, Louis; Sells, Todd

Cc: Philips, Julia; KDee; Diamond, Richard H; Webb, Brian R.; Engelhardt, John; King, Eric; Goldberg, Josh; Kammer, Randy

Subject: Comment from BCBS FL

BCBSFL has noted that any change in policy reserves incorporated into the numerator of the MLR definition should exclude changes due to valuation basis: **Proposed Definition:** Change In Contract Reserve – Report the amount of reserves required when due to the gross premium structure, the future benefits exceed the future net premium, excluding “valuation basis changes” as per SSAP 54. Contract reserves are in addition to claim liabilities and claim reserves.

I prefer rather than defining the type of contract/policy reserve in the definition we continue to do so via reference to annual statement exhibits or SSAP's. They note this definition is consistent with SSAP 54 which requires valuation changes to move through surplus rather than income statement.

Steven Ostlund FSA, MAAA

Actuary

Alabama Department of Insurance

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