

# UPMC HEALTH PLAN

May 14, 2010

Two Chatham Center  
Eleventh Floor  
112 Washington Place  
Pittsburgh, PA 15219

United States Department of Health and Human Services  
Attention: DHHS-2010-MLR  
Hubert H. Humphrey Building, Room 445-G  
200 Independence Avenue, SW.  
Washington, DC 20201

**Re: Public Comment on 45 CFR Parts 146 and 148; Medical Loss Ratios**

Dear Secretary Sebelius:

We are writing in response to your request for information on the calculation of medical loss ratios (MLRs) as set forth in the Patient Protection and Affordable Care Act (PPACA). We were pleased with the PPACA's inclusion of expenses for "activities that improve health care quality" in addition to "reimbursement for clinical services" as categories of health plan expenses that count toward meeting minimum MLRs. We respectfully request your assistance in assuring that activities relating to the prevention and management of chronic diseases are considered part of the value of benefits in the MLR calculation and not as administrative expenses.

To transform our health care system to one focused on protecting and promoting health rather than waiting to respond to illness, we must encourage both public and private sector health promotion and disease prevention efforts. Wellness and chronic care management programs have demonstrated improvements in health status and health outcomes, in adherence to treatment, in adoption of healthy behaviors, and in overall health care costs.

For example, the UPMC Health Plan has utilized a very successful practice-based care management system in which members of the plan with chronic conditions such as diabetes, congestive heart failure and depression have been assisted through care coordination and behavioral lifestyle support to better manage their chronic conditions. This has resulted in reduced expenditures in the total cost of care for these members and significant clinical improvements. An additional example where we believe that medical expenditures for prevention should be included in the MLR calculations is the work UPMC Health Plan has done with employers. We have seen significant improvement in smoking cessation rates, weight reduction and stress management that have all lead to improvements in productivity and improvements in cost trends. Another example would be our focused community health improvement activities such as work that we have performed with a county wide pediatric obesity program as well as a county-wide

diabetes prevention program. Both programs have proven to increase the health of the participants.

We must encourage the development, continuation, and broader adoption of such health improvement efforts, and preserve the flexibility needed to allow for continued innovation. Not allowing the expenses relating to these activities to count toward meeting minimum MLRs would be a significant deterrent and should be avoided.

We urge you to count the costs associated with programs, measures, or activities designed to achieve one or more of the following goals as part of the value of benefits in the medical loss ratio calculation:

wellness, health promotion, or fitness;

prevention of chronic disease onset or progression;

improvement of health outcomes through disease or chronic care management, managing care transitions, patient or family caregiver education and self-management support, or medication adherence or other care management compliance efforts;

care coordination; or

patient safety or reducing medical errors.

Addressing the burden of chronic disease in a meaningful, sustainable way requires that implementation policies encourage both public and private dedication to health improvement efforts. Incorporating expenses relating to the health improvement goals described above as part of the value of benefits in the calculation of MLRs is an important step forward in encouraging these efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Vukmer", with a long horizontal line extending to the right.

Daniel B. Vukmer, Esquire  
Vice President & General Counsel

cc: Lou Felice, Chair Health Reform Solvency Impact Subgroup  
Joel Ario, Pennsylvania Insurance Commissioner