



AMERICAN BENEFITS
COUNCIL

May 11, 2010

Mr. Lou Felice
Chair, Health Care Reform Solvency Impact Subgroup

Steven Ostlund
Chair, Accident & Health Working Group

National Association of Insurance Commissioners
2301 McGee Street, Suite 800
Kansas City, Missouri 64108-2662

Re: Determination of Medical Loss Ratios

Dear Mr. Felice, Mr. Ostlund and subgroup members:

I am writing on behalf of the American Benefits Council, a trade association representing primarily large employers and other organizations that either sponsor or administer health and retirement benefits covering over 100 million Americans.

We are writing to comment on the National Association of Insurance Commissioners' ("NAIC") development of recommendations related to the calculation of medical loss ratios ("MLR") in section 2718 of the Public Health Service Act ("PHSA") as added by the Patient Protection and Affordable Care Act ("PPACA"). In particular, large employers that sponsor group health plans have a strong interest in encouraging activities that improve the quality and appropriateness of the health benefits they offer and the health status of their employees. We therefore urge that your guidance on the calculation of medical loss ratios continue to recognize the importance of these value-added services.

Section 2718 of PHSA permits certain quality measures to be included in the MLR calculation. We ask that certain quality measures which are valuable to employers and their employees be included in the MLR calculation, including: wellness programs, disease management programs, fraud, waste and abuse activities, and certain health information technology tools. These quality measures provide valuable services to employees improving their health and the value of the care they receive. Failure to include these measures would increase costs for employers, and could jeopardize programs that are valuable to employees and beneficial to their health.

A. Wellness and disease management programs

Wellness programs empower employees to improve their overall health and wellness, and are a critical component of effective health care. Wellness programs may include activities such as smoking cessation, health assessments, counseling, fitness programs and the administration of such programs. Similarly, disease management programs provide important care management for employees with chronic and acute conditions. Disease management programs may include activities such as nurse lines, care coordination, special employee communications and other similar activities. These types of wellness and disease management activities improve health outcomes, increase quality and help to control long-term costs. In drafting PPACA, Congress recognized the importance of wellness and disease management programs as part of an overall health care strategy. We hope that NAIC will do the same. *See, e.g.* PPACA secs. 1311(g)(1), 2717.

B. Health information technology

Effective health information technology tools help to reduce costs for employers and employees and, by allowing clinical information to be shared among patients and providers, they help to avoid adverse consequences to patients caused by duplicative tests, treatments, and prescribing errors. Personal health records also help employees take control of their own health and become more powerful advocates for themselves. These positive results help to mitigate premium increases and improve the quality of care. As the benefits of health IT become apparent, employers are increasingly demanding more complex health IT solutions in the plans they sponsor for employees.

C. Fraud waste and abuse

Everyone benefits when we prevent fraud, waste and abuse, and employers rely on initiatives that intervene when these costly and inappropriate practices are identified in their plans. This not only prevents unnecessary premium increases, but helps to improve patient safety -- and therefore the quality of care -- for employees. It is important to employers that fraud, waste and abuse detection and prevention activities be included in the MLR definition of quality.

We appreciate your consideration of our views and encourage you to develop an MLR calculation methodology that will help to ensure that these vital quality improvement

efforts are able to continue to meet the needs of employers who sponsor health benefits for more than 160 million Americans.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul W. Dent". The signature is written in a cursive style with a large initial "P" and a stylized "D".

Senior vice president, health care reform