

May 4, 2010

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: Medical Loss Ratios – Section 2718 of the Public Health Service Act (PHSA)

Dear Mr. Felice:

Health Dialog appreciates the opportunity to provide comments to NAIC regulators and representatives on Section 2718 of the Public Health Service Act (PHSA) added by the Patient Protection and Affordability Care Act (PPACA). Our comments specifically focus on the classification of health plan expenses related to the calculation of medical loss ratios (MLRs).

Health Dialog Services Corporation is a leading provider of healthcare decision programs to over 20 million people around the world. These programs include health coaching for medical decisions, chronic conditions, and wellness; nurse line services; analytic solutions and consulting services. Health Dialog works with health plans, payers, and providers to help them better understand their populations and improve the quality, efficacy and appropriateness of the healthcare services they receive. Our health coaches encourage and support individuals to participate in their own healthcare decisions, and work with them to develop more effective relationships with their health care providers. We employ over 550 healthcare professionals including licensed nurses, respiratory therapists, pharmacists, and registered dietitians, with on average, 10 to 15 years of experience, who help our members manage their overall health and wellbeing. We also have health coaches who are certified diabetic educators, tobacco cessation specialists, health educators, and behavior change specialists.

Health Dialog's services consist of four important components of population health management. Those components are identification, population analysis, coaching, and healthcare decision support. We use predictive modeling to identify those individuals who might benefit most from our programs and then reach out directly to those identified individuals via various communication channels to offer our personal health coaching services. Eligible individual members can also contact our health coach telephone service for support and information. Our health care coaches supplement their telephone conversations by providing additional evidence-based and unbiased information on treatment options, screening, and chronic diseases. Health Dialog's Shared Decision Making® program is available across a wide range of medical conditions and is delivered in multiple formats including print, video, and interactive web resources so patients can better understand their conditions. We also have the capability to analyze a health plan or employer's overall population to determine variations in healthcare delivery of

services. This population analysis enables us to work with our clients in developing and implementing strategies to improve the quality, effectiveness and efficiency of healthcare at the individual and population level.

We believe the types of services Health Dialog provides to our health plan clients are at the core of improving the overall quality of the health care experience and health of our members. The full range of services improves the quality of care provided to our members by ensuring that the right care is delivered at the right time which also reduces costs for the health plans, payers, and providers we serve. Analytics, decision support and disease or care management services improve health management and care delivery at an individual and community level. One consequence of these improvements is cost containment for health plans. We agree with the Academy of Actuaries assertion that "case management, disease management, 24-hour nurse hotlines, wellness programs ... and preventive programs are more akin to benefits than administrative expenses" and should be factored into the value of benefits for purposes of the calculation for medical loss ratio (American Academy of Actuaries, February 2010). Section 2718 (c) of the PHSA directs the National Association of Insurance Commissioners (NAIC) to establish uniform definitions relating to activities that health insurance issuers offering individual and group coverage must report under Section (a) including clinical services, activities that improve health care quality, and all other non-claims costs and the nature of such costs.

Health Dialog urges the NAIC to support the classification of these services as "medical expenses" or, in the alternative, "quality improvement expenses" for purposes of calculating a health plan's medical loss ratio (MLR) under the requirements of Section 2718 (c) of the PHSA.

We appreciate the opportunity to provide comments on this important issue and look forward to providing any further information as requested by NAIC. I can be reached directly at 617/406-5258.

Sincerely,



Mark Hampton
Chief Financial Officer