



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:

I am writing to offer comments to National Association of Insurance Commissioners (NAIC) regulators and representatives as you consider classification of health plan expenses related to the calculation of Medical Loss Ratio (MLR) – in particular the services you consider to be those that improve population health.

The National Committee for Quality Assurance (NCQA) is a private, nonprofit organization dedicated to improve the quality of health care. Our organization began 20 years ago with a focus on accrediting health plans and quickly moved to incorporate a set of performance measures – called HEDIS measures – into the accreditation process. HEDIS measures are the most widely used quality measures for health plans – they are used by employers for the commercial market, Medicare and Medicaid plans, and in state initiatives around quality reporting and report cards. In 2009, a total of 979 health plan products (702 health maintenance organizations and 277 preferred provider organization products) submitted audited HEDIS data to NCQA. These plans cover 116 million Americans, or 2 in 5 people.

In addition to operating our longstanding accreditation programs for health plans, NCQA also accredits or has recognition programs for other types of health organizations, including physicians and physician groups, managed behavioral healthcare organizations and disease management organizations. All of these programs build standards and performance measures based on a rigorous process that relies on multi-stakeholder expertise, the latest and the most robust evidence and a transparent process that includes public comment. Examples of our health plan accreditation standards and measures are included as an attachment to this letter. We also collect and report health quality information for a variety of audiences that want to challenge providers and plans to improve their performance through benchmarking, and to inform consumers and others about the highest performing providers. We have dedicated our organization to improving quality, and our processes and measures have led to results that have saved lives and prevented illness and the costs associated with poor quality. For example, we estimate that performance measurement has improved care for diabetes, heart disease, high blood pressure and high cholesterol, this saves 165,000 to 272,000 lives.

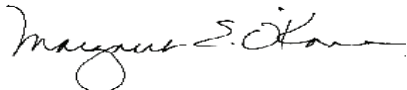
NCQA strongly supported the statutory provision to include activities that improve health care quality together with clinical services in calculating the medical loss ratio. In our experience, activities that improve health care quality would encompass expenses related to:

- wellness and health promotion,
- care coordination,
- disease management,
- accreditation,
- activities supporting health information technology and
- reporting quality measures

All of these activities represent investments that can lead not only to higher quality but better value in health care spending on clinical services. Health plans that invest in prevention – for example through appropriate immunizations and tobacco cessation counseling—will have healthier enrollees, whose spending on health care services should be lower over the long run. Credentialing connects to strategies to improve diagnosis and treatment of disease as board certification and recertification standards have evolved. A 2005 article in the Journal of the American Medical Association, for example, found a positive association between the rate at which preventive care services were delivered for Medicare patients and certification status in internal medicine or family medicine. Further, these types of services are clearly intended to improve the health of populations, and do not represent funds available to the plan for profit, reserves, marketing or other administrative expenses.

We appreciate the opportunity to comment on this issue. If you have questions about NCQA's accreditation or performance measurement programs, we would welcome the opportunity to present to the committee or to have a discussion with you. Please do not hesitate to contact me or Sarah Thomas, Vice President of Public Policy and Communications at (202) 955-1705.

Sincerely,



Margaret O'Kane
President

Attachment

cc: Richard Diamond, Chair, Actuarial MLR Subgroup
Todd Sells, NAIC Staff
John Englehart, NAIC Staff
Brian Webb, NAIC Staff

Attachment: **NCQA Accreditation Process Overview**

Achieving Improvement Through Measurement

NCQA Health Plan Accreditation includes two major components on which a plan's performance is scored: standards, an evaluation of the plan's structure and processes to maintain and improve quality in five core areas; and Healthcare Effectiveness Data and Information Set (HEDIS®), an evaluation of the plan's performance on process and outcomes in clinical care and patient experience of care.

NCQA standards evaluate the following categories:

Quality Management and Improvement

- A health plan's systems for continuous improvement of quality of care and service.
- How the plan makes sure that members have access to the care they need.
- Specific plan programs that help members with chronic illnesses (e.g., disease management and complex illness or trauma; case management).

Utilization Management

- How fair, consistent and prompt is the plan when it makes decisions about medical necessity for medical, behavioral health and pharmacy services?
- Does the plan use evidence-based clinical guidelines and clinical staff—including physicians—to make decisions?
- Does the plan have a process for members to appeal its medical necessity and coverage decisions?

Credentialing

- How thoroughly the plan investigates qualifications and practice history before allowing a physician to join its network.
- The plan's process for ongoing evaluation of the physicians in its network.

Members' Rights and Responsibilities

- Does the plan clearly inform its members about how to get care and use its services?
- Does the plan have a process to respond to member concerns and complaints?
- How the plan protects members' personal information.

Member Connections

- How the plan distributes important information to members, such as their health status, plan resources, member care options and the cost of different services and prescription drugs.
- How the plan promotes wellness and prevention to its members.

HEDIS measures evaluate areas of care.

- Preventive services, such as child and adult immunizations, cancer screenings, prenatal care and smoking cessation.
- Treatment of acute illnesses, such as respiratory infection and pharyngitis in children and bronchitis in adults.

- Management of chronic illnesses, such as diabetes, high cholesterol, high blood pressure, asthma and depression.
- Patient experience² with the services provided by the plan and by the physicians in the plan's network: how quickly members can access care, how members rate their personal physician, the claims process, customer service and overall rating of the plan.

NCQA's rigorous survey process consists of onsite and offsite evaluations conducted by a team of physicians and managed care experts. The offsite survey reviews the plan's self-evaluation and other materials submitted to NCQA through the Interactive Survey System (ISS), the first Web-based tool for health plan accreditation. The ISS provides guidance and feedback to the plan while it performs a survey-readiness evaluation against NCQA Accreditation standards. The survey team reviews the plan's submitted documentation for compliance with the standards.

The onsite survey is a two-day visit, during which NCQA surveyors interview plan staff and review materials that cannot be submitted via the ISS, such as actual case records, meeting minutes and other confidential documents.

¹ HEDIS® is a registered trademark of the National Committee for Quality Assurance (NCQA).

² Based on CAHPS®³ (Consumer Assessment of Healthcare Providers and Systems), a standardized survey used by all plans.

³ CAHPS® is a registered trademark of the Agency for Healthcare Research and Quality (AHRQ).