



MISSION: To promote continuous improvement in the quality and efficiency of health care management through processes of accreditation and education.

August 10, 2010

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Marianne Fazen, PhD
Board Chairperson

Alan P. Spielman
President and CEO

Jane L. Cline, President
National Association of Insurance Commissioners

Re: Medical Loss Ratios – Section 2718 of the Public Health Service Act

Dear Commissioner Cline,

URAC appreciates the ongoing time, energy and thought that the National Association of Insurance Commissioners (NAIC) has dedicated to its efforts to define and fully describe quality improvement (QI) activities for purposes of determining the calculation of the medical loss ratio under Section 2718 of the Public Service Health Act (PSHA). As the NAIC considers the Blanks Proposal at its Summer Meeting this month, URAC recommends two sets of technical changes to promote consistency in the document.

We commend the NAIC for further proposed changes to the Blanks Proposal that was approved by the Financial Condition (E) Committee last month. The proposed changes would remove accreditation fees from the excluded activities at the top of page 19 and include those fees as part of plan activities designed to improve health outcomes in Column 1 on page 16. We believe the inclusion of the accreditation fees is fully consistent with the other accreditation-related provisions approved by the E Committee, which recognize the central role that the accreditation process plays in providing health plans with independently established and verifiable health care quality standards and measures. As we noted in our June 15 letter to Lou Felice, Chairman of the NAIC's Health Care Reform Solvency Impact Subgroup, including the accreditation fees, as proposed, will serve to bring them in line with all the other accreditation costs incurred by the plans to meet the quality standards established by the accreditation entities.

With respect to the Blanks Proposal to be considered by the Executive and Plenary Sessions this month, URAC requests that the NAIC adopt two sets of technical changes to conform the Supplemental Health Care Exhibit – Part 3 on page 4 ("the Exhibit") to the definitional changes discussed above. Page 4 does include a proposed deletion of the "XXX" under Column 1, but retains the X-outs for "1.5 Accreditation and Certification" in all of the other nine columns across the Exhibit. Importantly, the Exhibit also fails to delete the X-outs moving down the Exhibit for Small Group and Large Group coverage expenses under 2.5 and 3.5, respectfully. In our view, the proposed change to the QI definitions related to accreditation fees can only be carried out if the plan costs associated with the fees can be properly included in the Exhibit under all expense categories and for all three lines of coverage (individual, small group and large group). This can be accomplished by simply removing the X-outs pertaining to accreditation both across and down the entire Exhibit.

Thank you very much for the opportunity to offer these comments, as well as for NAIC's efforts to carefully and accurately define the expenses properly associated with health care quality improvement activities in the calculation of the medical loss ratio under Sec. 2718 of the PSHA.

Sincerely,

Alan P. Spielman
President and CEO