

June 2, 2010

Doug Weber  
Acting Commissioner  
Indiana Dept of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, IN, 46204

## **RE: Medical Loss Ratio**

Doug:

One of the top concerns for our members is their ability to provide affordable, quality health coverage to their employees. As the National Association of Insurance Commissioners (NAIC) develops its recommendations on the Minimum Loss Ratio (MLR) provisions included in the Patient Protection and Affordable Care Act (PPACA), I am writing because the MLR definitions could have a considerable impact on our member's ability to provide coverage.

We ask that you carefully construct your MLR recommendations so that these rules do not result in premium increases, which would be detrimental to employer-sponsored health plans. To assure this, we urge you to consider the following:

- **Wellness and Prevention be included under the umbrella of quality initiatives.** Whether offered by an insurer or an employer, we strongly support wellness programs which modify consumer behaviors to improve health and incentivize activities that will lead to a healthier population, whether medical, fitness, or otherwise. Wellness and prevention initiatives have been demonstrated to lead to overall lower costs for consumers by improving their health and wellbeing, and none of them should be considered "administrative."
- **Include all quality, fraud and abuse, and cost control initiatives that clearly improve quality and patient safety in the definition of "activities that improve health care quality."**

**Quality Programs:** Many activities undertaken already, and many that will be required as a result of PPACA, include the developing, gathering, aggregation, and analysis of data in order to measure and incentivize quality, credentialing of providers, etc. We support such activities, and believe that both quality and transparency must be paramount in order to make health care more efficient, affordable, and to improve patient care. If these activities are considered "administrative," insurers will be incentivized to reduce or eliminate their involvement with possibly devastating consequence for consumers.

**Fraud and Abuse:** Consumers demand that insurers help in efforts to control premium costs, and a key way of doing so is to prevent fraud and abuse. Programs which prevent fraud and abuse improve the quality of care for patients by freeing up funds that would otherwise be wasted, and improve patients' ability to afford health insurance, as well as their financial freedom.

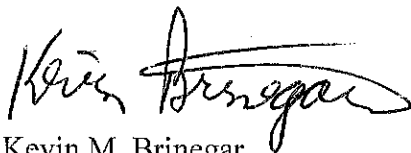
**Cost Control Efforts:** Consumers are protected from unnecessary costs and get better health outcomes when insurers invest in developing best-practices for providers, aggregating evidence-based guidelines, analyzing the success of health promotion activities in order to refine programs, and analyzing claims data to investigate over- and under-utilization of services. A sure way to drive up premium costs for consumers, thus making it more difficult for them to obtain insurance, is to categorize broad swaths of cost-control programs as "administrative."

We are concerned that not capturing these programs in the MLR definition of quality activities means that insurers will have a strong disincentive to spend on these activities as they will increase administrative costs and reduce medical expenses.

- **Large Group MLRs should be reported nationally or at holding company level:**  
We are concerned that the NAIC is moving in the direction of establishing MLR calculations in a way that evaluates the Large Group market on a state-by-state basis even though many large employers are multi-state or national in employee scope. Requiring state by state reporting would require millions of dollars in system changes for insurers. And who pays for these upgrades? Employer accounts. We recommend that you should not require rules that would force employers to pay for unnecessary administrative costs.

The Chamber appreciates your efforts on minimum loss ratio and urges you to approach the issue in a way that will minimize disruption and maximize the kind of activities that improve the quality and affordability of health care.

Sincerely,



Kevin M. Brinegar  
President

Cc: Robyn Crosson, Chief Deputy Commissioner Company Compliance Division  
Anita Strauss, Chief Deputy Commissioner Accident/Health Product Lines