

June 8, 2010

The Honorable Mary Jo Hudson
Director, Department of Insurance
50 W. Town Street
Columbus, Ohio 43215

Dear Director Hudson:

As you know, one of the top concerns for our member companies is their ability to provide affordable, quality health coverage to their employees. The National Association of Insurance Commissioners (NAIC) will soon be making recommendations on the Minimum Loss Ratio (MLR) provisions included in the Patient Protection and Affordable Care Act (PPACA) recently passed by Congress. The MLR definitions could have a considerable impact on our member's ability to provide coverage and result in additional premium increases that would be detrimental to employer-sponsored health plans in Ohio. Therefore, the Ohio Chamber urges you, and the other NAIC members, to carefully consider your recommendations regarding these rules.

To assure rules that do not harm employer-sponsored plans, we urge you to consider the following:

- **Wellness and Prevention should be included under the umbrella of quality initiatives.**

The Ohio Chamber strongly supports wellness programs, regardless of whether they are offered by an employer or an insurer. Wellness and prevention initiatives have demonstrated that they lead to lower costs for consumers by improving health and wellbeing. Therefore, these programs should be considered quality initiatives and should not be classified as "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."**

There are several types of programs that employers and insurers implement that are crucial to keeping the cost of insurance premiums as low as possible. We believe capturing these programs in the MLR definition of quality activities will provide an incentive for these programs to be maintained. We also believe the opposite is true, not including them in the definition will disincentivize the use of such programs, even though they ultimately work to keep the cost of premiums affordable.

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- **Quality Programs:** Many activities undertaken already, and many that will be required as a result of PPACA, include developing, gathering, aggregating, and analyzing 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 them, leading to higher costs 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.
- **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.”
- **Large Group MLRs should be reported nationally or at holding company level:** The Ohio Chamber is concerned that MLR calculations may be defined 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 that will ultimately lead to higher costs for employers. We recommend that NAIC not structure the rules in such a way that would force employers to pay for unnecessary administrative costs.

The Chamber appreciates your efforts on MLR 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.

As the Ohio Department of Insurance implements the PPACA, the Ohio Chamber looks forward to continuing the open dialogue we have enjoyed in the past. Thank you in advance for your consideration, and if we can provide any additional information, please feel free to contact me.

Sincerely,



Carrie Haughawout
Director, Ohio Small Business Council
Ohio Chamber of Commerce