



Association
of Washington
Business

Washington State's Chamber of Commerce

DON C. BRUNELL
President

June 9, 2010

Mr. Lou Felice
New York State Department of Insurance
25 Beaver Street
New York, New York 10004

Dear Mr. Felice:

In your role as Chair of the National Association of Insurance Commissioners, Health Reform Solvency Impact Subgroup, I appreciate the difficult position you have to develop the final recommendations on the Minimum Loss Ratio provisions included in the Patient Protection and Affordable Care Act (PPACA). This issue is of great concern to the members of the Association of Washington Business as the final rules could significantly impact our member's ability to continue providing health care coverage to their employees.

As you move forward, I ask that you carefully construct the MLR recommendations so that the rules do not result in premium increases, as such would be highly detrimental to employer-sponsored health plans. To assure this, please consider the following:

- **Include wellness and prevention under the umbrella of quality initiatives.** Whether offered by an insurer or an employer, we strongly support wellness and prevention programs which modify consumer behavior to improve individual health and encourage activities that lead to an overall healthier population. Insurer quality initiatives supporting wellness include programs that focus health promotion through transparency, education and information, prevention of chronic diseases, and management of conditions to reduce hospitalizations or control outbreaks. Such initiatives also include programs that educate providers on how to address chronic conditions, support consumers' self-management and encourage individuals to fill prescriptions and complete care regimens, as a means to improve the overall quality of care an individual receives. Important components of quality care also include efforts to promote patient safety and reduce medical errors, which can lead to much more serious and costlier conditions in the future. All of these efforts have been demonstrated to improve quality and lead to overall lower costs for individuals—none should be considered “administrative.”

ASSOCIATION OF WASHINGTON BUSINESS
Membership Government Affairs Member Services AWB Institute

T 360.943.1600 ✉ PO Box 658, Olympia, WA 98507-0658
T 800.521.9325 🏠 1414 Cherry St. SE, Olympia
F 360.943.5811 www.awb.org

- **Include all quality programs, 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 development, collection, aggregation and analysis of data in order to measure and incentivize quality, credential providers, etc. We support such activities and believe that both quality and transparency must be paramount in order to improve patient care and make health care more efficient and affordable. If these activities are considered “administrative,” insurers will reduce or eliminate their involvement in such activities – perhaps a welcome relief to providers who do not want to be measured or compared but certainly a 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 in this area range from investigating billing practices to prior authorization for some procedures and tests, to funding “secret shoppers” and to investigating entities before allowing them to engage in billing. Programs which prevent fraud and abuse improve the quality of care for patients by freeing up funds that would otherwise be wasted, thereby improving a patient’s 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. All initiatives of this type should be considered as activities that improve health care quality.

We are concerned that, if you do not include these programs in the MLR definition of quality activities, insurers will have a strong disincentive to engage in these activities because by definition they will then increase administrative costs and reduce medical expenses.

- **Large Group MLRs should be reported nationally or at holding company level:**
We are also concerned that the NAIC may attempt to establish MLR calculations in a way that evaluates the Large Group market on a state-by-state basis even though

Mr. Lou Felice

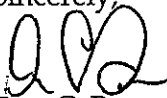
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many large employers have a multi-state or national presence. Requiring state-by-state reporting will force millions of dollars in system changes for insurers that will in turn be paid for by employers. We ask that you not establish rules that will force employers to pay for unnecessary insurer administrative costs.

The Association of Washington Business 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. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Brunell", written over a horizontal line.

Don C. Brunell
President