

May 14, 2010

Office of the Secretary
Department of Health and Human Services
ATTN: DHHS-2010-MLR
Hubert H. Humphrey Building, Room 445-G
200 Independence Avenue SW
Washington, DC 20201

Re: DHHS-2010-MLR; Response to Request for Comments on Medical Loss Ratios (Section 2718 of the Public Health Service Act)

Dear Secretary Sebelius:

The Center for Public Policy Priorities is a nonpartisan, nonprofit policy institute committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans. Along with other issue areas, the center works on increasing access to quality, affordable health insurance. Our work includes research on medical loss ratios by market segment in Texas and public policies to increase accountability and transparency of medical loss ratios in Texas.

We appreciate the opportunity to offer the following response to your Request for Information related to medical loss ratios.

- Consumers are entitled to medical loss ratio definitions, reporting, and a process for rebates that places the interest of consumers first and foremost.
- Texas does not require insurers to file medical loss ratio (MLR) data or have medical loss ratio guidelines for lines of business other than Medicare supplement policies. Texas consumers are harmed because Texas lacks MLR standards. Texas consumers have no assurance that the premiums they pay are reasonable in relation to costs for medical benefits.
- Some states, like Texas, do not have authority to reject unreasonable rate increases. In these states, MLR standards and rebates are the only mechanisms available to ensure that premiums are set within a reasonable range in relation to medical benefits. To protect consumers, HHS must aggressively enforce MLR standards.
- HHS must set clear and consistent standards for defining and reporting medical loss ratio data. Insurers must not be allowed to game the system or use creative accounting techniques to skirt the law's intent of ensuring good value for consumers' premium dollars.
- Insurers should not be allowed to reclassify whole categories of administrative costs as medical costs, as some insurers have already started to do since PPACA passed.
- HHS should define "activities that improve health care quality" carefully to include evidence-based quality improvement initiatives. Insurers should not be allowed to include expenses for activities for which there is little or no evidence that the activity improves health care quality. Loss adjustment (claims payment), utilization review, network access fees, information technology, and cost containment activities are administrative in nature, and should not be counted toward quality unless a specific activity/program results in a documented and demonstrable health care quality improvement.
- If a health plan sets rates to achieve a specific MLR at the policy form level, MLR reporting should also be enforced at the policy form level. Consumers deserve to know that they are getting a good value for their premiums in the specific policy they've purchased. MLR standards for rebates should also be enforced at the policy form level, unless HHS determines that a higher level of aggregation would be more beneficial to

consumers, especially higher-risk enrollees in the individual market. Insurers should not be allowed to pool MLR experience across state lines, across the different legal entities that they conduct business as, or across market segments (i.e. individual, small group, and large group).

- HHS should enforce MLR reporting and standards equally for low cost health insurance products like high-deductible plans and mini-med plans.
- All medical loss ratio data filings and any accompanying materials must be public information that is accessible to consumers at no charge via regulator's websites. Health plans should not be allowed to claim trade secret or any other exception to disclosure. Information on this website should be at the policy form level, allowing consumers to see the medical loss ratio, medical costs, quality improvement costs, etc., for the specific policy they hold. Information on this site should use language that is easy for consumers to understand.

Thank you for considering these comments.

Sincerely,



Stacey Pogue
Senior Policy Analyst