



## AHIP Statement on MLR

*America's Health Insurance Plans (AHIP) President and CEO Karen Ignagni released the following statement on the MLR proposal approved today by the National Association of Insurance Commissioners (NAIC):*

*“The current MLR proposal will reduce competition, disrupt coverage, and threaten patients’ access to health plans’ quality improvement services.”*

Washington, DC (Vocus) October 21, 2010 -- Washington, D.C. – America’s Health Insurance Plans (AHIP) President and CEO Karen Ignagni released the following statement on the MLR proposal approved today by the National Association of Insurance Commissioners (NAIC):

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AHIP Letter on MLR:

Last week, AHIP [sent a letter to the NAIC](#) that said the following:

- On the central question of whether the MLR regulation will advance the health reform goals of improving access to insurance, minimizing disruption for consumers and employers, and improving quality of care, we are concerned that the current draft proposal will create unintended consequences and not achieve the expected goals.

Need for Uniform Transition Rules to Promote Stability for Families and Employers

- The transition period between 2010 and 2014 will be especially critical to the success of health reform, and the NAIC is uniquely positioned – with its expertise and credibility – to take a leadership role in advancing a transition plan that meets the best interests of consumers.
- By establishing standard transition rules now, the NAIC can help promote stability of health plan choices in the individual and small group markets in the years leading up to the implementation of the 2014 market reforms. Failing to address this priority now will result in uncertainty and fewer choices for consumers.

Ensuring That Credibility Adjustments Work

- To promote access to a wide range of health plan choices for consumers and employers, the new MLR requirements should include adequate adjustments that take into account the statistical variability and credibility of small blocks of covered lives in an environment where extremely high cost, but low frequency claims (such as several complicated transplants or neonatology claims) can create major volatility.
- The non-partisan American Academy of Actuaries has made this same recommendation and has cautioned that failing to take into account the needs of smaller blocks of business, as PPACA clearly instructs, will have the potential to damage markets and limit consumer choice. The Academy further notes that “the



magnitude of credibility adjustments selected by the actuarial subgroup may not be sufficiently large enough to mitigate the risks faced by small blocks of business.”

- The NAIC can address these serious concerns by strengthening the credibility adjuster to avoid potential insolvencies and support competition.

#### Narrow Definition for Health Care Quality Initiatives Will Turn-Back-the-Clock on Innovation and Efforts to Fight Fraud

- To ensure that individual patients receive the best care based on the latest available evidence, the NAIC’s definition of “activities that improve health care quality” should be structured to ensure that current and future patients have access to the most up-to-date and innovative support programs and tools that health plans are able to develop.
- Defining health care quality initiatives in a way that is too narrow or static will turn back the clock on progress and create new barriers to investment in the many activities that health plans have implemented to improve health care quality.
- More specifically, we want to highlight our recommendations for modifying the definition of health care quality initiatives to include fraud prevention and detection programs and the initial startup costs associated with implementing the new ICD-10 coding system.
- Our members are strongly committed to working with the NAIC, state and federal officials, and other stakeholders to stabilize health care choices, enhance quality of care, and bolster the confidence of the American people as we move forward with the next stages of health reform.

Providing Health Benefits for Over 200 Million Americans.

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