

miaprocesshearing - Public Hearing - Health Insurance Premiums

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Subject: Public Hearing - Health Insurance Premiums

Thank you for the opportunity to comment on the reports as presented by Oliver Wyman Actuarial Consulting. Specifically, I am commenting on the report dated May 18, 2011 titled "Recommendations To The Commissioner To Enhance Regulatory Review And Oversight." In the comments that follow, the page number references are referring to those found in the indicated report.

1. Care needs to be taken in implementing these recommendations as on occasion, products that are non-medical in nature (group long term disability, group short disability, individual disability, group life / AD&D) are sometimes included in Health definitions. As this report deals solely with medical products, the findings in this report should not automatically be extended to the non-medical products. If that is desired, a separate report needs to be developed that specifically addresses those products. The loss ratio findings and product features are significantly different, so the recommendations do not apply to non-medical insurance products.

2. Activities to improve health care added to claims (page 42)

- For companies that use a career or brokerage distribution system, part of the commission or compensation paid to the marketer is for the purpose of educating the consumer on how better to manage their health care risk. For that reason, I would recommend that either that portion of the compensation be added to the claim side (numerator) of the equation or removed from the premium side (denominator) before determining the loss ratio under this standard. Without the agent's or broker's involvement, the task of determining an appropriate level and type of health care would be significantly harder for the individual or the employer.

Thank you again for the ability to comment on the work performed by Oliver Wyman. Please contact me at the phone number or email provided below if you would like to discuss further.

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