

We the People

of the United States, in order to form a more perfect Union, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, We do hereby ordain and establish this Constitution for the United States of America.



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Healthcare re-FORUM

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Healthcare Implementation: A Congressman's Perspective

The Patient Protection and Affordable Care Act and the Healthcare and Education Affordability Reconciliation Act passed after a heated national dialogue and a politically bruising vote for those who supported the legislation against the wishes of their constituents.



One of the U.S. Representatives who voted for both bills was Earl Pomeroy (D-North Dakota). As a member of the jurisdictional House Committee on Ways and Means, Rep. Pomeroy was active in the crafting of the legislation. He is a member of the “Blue Dog” Democrats, many of whom were surprising last-minute supporters of the reform legislation. Rep. Pomeroy also has a unique perspective as a former state insurance commissioner.

On May 26, Rep. Pomeroy sent a letter to Katherine Sebelius, Secretary of Health and Human Services (HHS), in which he cautions, “...you and I both know that the details of implementation matter greatly. Critical to the success of health reform law is an implementation that is inclusive, careful and measured. Absent that, we are certain to witness near-term premium rate shock, market disruption with exiting companies and the curtailment of private sector efforts to reasonably contain unnecessary costs while protecting patient safety.”

In his letter, Rep. Pomeroy clearly states he is “deeply committed” to the success of healthcare reform and carefully outlines the following implementation concerns:

Premium Rate Shock

There are a number of new policies beginning in 2010 that improve healthcare access—age of dependent and no pre-existing condition for children. Pomeroy states, “Recognizing that these policies will not be in sync with the personal coverage requirement and health reform infrastructure until 2014, it is important that the final regulations for these policies be carefully crafted and measured to mitigate near-term premium increases.”

Market Disruption

Pomeroy encourages Sebelius and the National Association of Insurance Commissioners (NAIC) to carefully craft the Medical Loss Ratio (MLR) standards. He states, “In a January 6, 2010, letter to Congressional leadership, the NAIC raised concerns that ‘a loss ratio of 80% in the individual market may not be readily achievable by many insurers...and (these companies) have expenses...they will not be able to reduce until guaranteed issue requirements and health insurance Exchanges are implemented.’ According to the American Academy of Actuaries (AAA), if no consideration is made for special circumstances, some insurers will terminate existing blocks of business in the individual marketplace, leaving the customers they served without health coverage until the new Exchanges are created.” Rep. Pomeroy advocates for the AAA recommendation to explore other options to the proposed annual MLR for the individual market in order to assure stability over the next few years until the Exchanges are functioning.

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Private Sector Cost Containment and Health Promotion

Rep. Pomeroy continues, “I am troubled by attempts of some well-intentioned Members of Congress and stakeholders to aggressively advocate for unrealistically narrow definitions of MLRs which I believe could have a chilling effect on future innovative programs aimed at restraining unnecessary care that is harmful to patients as well as create adverse incentives to eliminate existing programs that improve patient health.” He is adamant that programs designed to create better outcomes for patients—prevention initiatives, chronic disease management, nurse hotlines and activities that reduce hospital readmissions—not be counted against insurers’ administrative cost in the MLR calculation.

Rate Review at the State Level

Rep. Pomeroy’s final plea to Sebelius is to maintain rate reviews for health insurance companies at the state level. He wants state regulators to be involved in ensuring that the “financial solvency of insurance companies is maintained.”

There has not yet been any public response by HHS to the issues raised in this letter. It is important to remember that these concerns are being articulated by a member of Congress who supported the healthcare reform bills and who was present through the committee process where the intent of these provisions was extensively reviewed.

Future Topics:

- The Mutual Advantage with Healthcare Reform
- Glossary of Terms
- National High Risk Pool
- Questions About Healthcare Reform