



The Maryland State Medical Society

Ex-8

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Elizabeth Sammis
Acting Insurance Commissioner
Maryland Insurance Administration
200 St. Paul Place
Suite 2700
Baltimore, MD 21202

RE: Health Insurance Rate Review Process and Public Disclosure

Dear Commissioner Sammis:

MedChi, The Maryland State Medical Society, would like to commend the Insurance Administration (MIA) for its decision to avail itself of the opportunity to use federal grant dollars to evaluate its regulatory review and oversight process as well as its provisions for public disclosure regarding health insurance premium rates. Oliver Wyman, the MIA's consultant has produced two excellent reports that should serve the State well as it seeks to enhance its regulatory oversight of the health insurance industry to ensure that the public is protected from unjustified premium increases and lack of transparency with respect to the rate setting process. Furthermore, we appreciate the opportunity to provide public comment on these reports and applaud the MIA for its encouragement of public participation in the regulatory process.

Oliver Wyman produced two reports. The report entitled "Recommendations to the Commissioner to Enhance Regulatory Review and Oversight" address the technical issues and processes related to the establishment of health insurance premiums and the necessary components of a regulatory structure that will ensure that rates are fair, equitable and justified. The technical nature of the report and its various components does not fall within MedChi's areas of expertise and therefore this letter provides no comment on its findings or recommendations. We would however like to strongly endorse the recommendations of the second report, "Recommendations to the Commissioner on Information Provided to Consumers" which we believe provides excellent recommendations on the improving the transparency of the health insurance rate-making and approval process.

For many years, MedChi has questioned the justification for the dramatic escalation of health insurance premiums, especially given the State's history of static or declining reimbursement rates for the delivery of health care services. As you are aware, Maryland reimbursement rates are amongst the lowest in the country. To that end, MedChi has historically supported efforts to raise medical loss ratio requirements; provide greater transparency regarding "explanation of benefits" and out-of-network payment rates; and other similar initiatives in order to both improve Maryland's environment for the practice of medicine and enhance the transparency of the health insurance marketplace. Consistently, these efforts have been frustrated by an inability to access meaningful information relevant to health insurance premiums, costs, rate-making, and other financial components of the health insurance marketplace.

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To that end, Med Chi is encouraged by the recommendations reflected in Oliver Wyman's report. These recommendations include :

- Develop a separate area of Administration's website dedicated to health insurance rates under the "Consumer" tab of the current MIA website
- Create a consumer-friendly summary for each individual and small group rate filing and post on the MIA website as well as non-confidential portions of those rate filings. When the MIA has made a decision on a rate filing, a consumer-friendly summary of that decision should also be posted to the MIA website.
- Post static information related to the rate making and rate filing review process in a new area of the Administration's website created specifically for that purpose.
- Create brochures on the rate development and rate review process and place them in locations frequented by consumers, as well as distributing them at outreach appearances.
- Investigate the IT costs associated with enabling consumers to subscribe to receive automated e-mails when the Administration posts rate filing notification summaries or rate increase decision summaries as well as IT costs associated with developing and maintaining a bulletin board on the Administration's website where consumers can comment on pending rate increases.
- Survey carriers to determine the cost of enabling consumers to subscribe to receive e-mails when rate filings are submitted to the Administration.

Oliver Wyman used focus groups of consumers and employers to assist in the identification of meaningful improvements in the disclosure of information to the public. The focus groups did not involve anyone associated with the health care industry from either the provider or the insurer perspective. The focus group process coupled with the knowledge and sophistication of Oliver Wyman to synthesize the results of that process provides a sound basis for the legitimacy of the recommendations.

Again, Med Chi wishes to applaud the MIA for its continued commitment to public education, public participation and the ultimate protection of consumer interests. We urge the MIA to adopt the recommendations reflected in Oliver Wyman's report and look forward to working with you on their implementation.

Sincerely,



Gene M. Ransom, III
Chief Executive Officer
MedChi, The Maryland State Medical Society