



November 5, 2021

Mr. Justin Schrader, Chairman
Risk-Focused Surveillance (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Dear Chairman Schrader,

The Association for Behavioral Health and Wellness (ABHW) appreciates the opportunity to provide comments on the proposed revisions to the National Association of Insurance Commissioners' (NAIC) Financial Analysis Handbook and Financial Condition Examiners Handbook for affiliated service agreements with market-based expense allocations (Proposal). We recognize that the deadline to comment has passed and we thank you for allowing us to submit these comments ahead of your November 9th meeting.

ABHW is the trade association which serves as the national voice for payers that manage behavioral health insurance benefits. ABHW member companies provide coverage to approximately 200 million people in both the public and private sectors to treat mental health, substance use disorders and other behaviors that impact health and wellness.

We write to express concerns with the potential downstream effects as a result of implementing the Proposal. NAIC's own statutory guidance maintains that the approval of affiliated service agreements should occur through the Form D review process. Under the Proposal, it now seems that affiliated service agreements, which allow issuers to obtain services from affiliated providers to serve their members, may ultimately be subject to revisions or unwinding at the time of a financial exam, instead of the Form D process.

Our members rely on the Form D approvals to make critical business decisions such as base business projections and rate computations. We believe that the Proposal may not only disrupt business strategy for our members, but may also introduce instability into the process for commissioners, regulators, analysts, examiners. Furthermore, it may erode the value and relevance of the Form D process.

As such, ABHW strongly urges NAIC to work with stakeholders and have additional discussions about the effects of the Proposal prior to finalizing the Proposal. Please contact Deepti Loharikar, Director of Regulatory Affairs at loharikar@abhw.org or 202-505-1834 with any questions.

Sincerely,

Pamela Greenberg, MPP
President and CEO