

October 17, 2024

Sent via email to HMarsh@naic.org

Dear Ms. Rodriguez,

ACLI appreciates the opportunity to provide comments to the Other Health SME Group in response to questions raised during the virtual meeting on October 9, 2024. We hope that our feedback will aid in the development of useful improvements to the MCAS process for future responses.

Definition of “Association/Trust”

In addition to excluding banks and credit unions from the definition of “association/trust,” we suggest noting that discretionary groups, multiple employer trusts, and labor unions are also excluded from the scope. It is ACLI’s understanding that the interest is specific to associations and trusts.

Scope for Product Types

ACLI recommends that the group continues to align with SERFF form filing TOIs and clarifies that multiple filings under the same TOI should be counted separately. We also recommend that supplemental health products offered as riders be excluded and that the product definitions and FAQs be amended to reflect this change. The FAQs provide conflicting information on this question on page 42. Riders are not reported on the Annual Statement and are considered a benefit in the base policy. We question whether this information is useful in this context.

Interrogatory #1

We would recommend making the following changes to interrogatory 1: “Are you currently ~~marketing~~ selling these products in this jurisdiction?” This edit would more accurately capture what regulators are looking for with this question. A definition for marketing would not be needed, instead the term “selling” is clearer and would elicit more consistent responses.

Interrogatory #5

We would like to understand the value this provides to regulators. Members reported that the responses went over the character limit and had trouble with submissions. With more information from regulators about the usefulness of this question, we could potentially provide an alternative method to get the data.

Interrogatory #6

Furthermore, ACLI recommends that the question be reworded to avoid unnecessary confusion for filers. We suggest the language read: “For products reported to this MCAS jurisdiction, does the

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company issue these Other Health products ~~through~~ to associations/trusts?" The term "through" associations is confusing. The association is the policyholder, and the insurance carrier is the insurer. In the same way that a carrier issues a policy to an employer group, it issues to an association or trust group.

Interrogatories #17-20

We suggest striking these interrogatories and replacing with the following: "Has the company filed the association by-laws and articles of incorporation in this jurisdiction if required?" It is our understanding that the information sought from these interrogatories is whether companies are filing association by-laws and articles of incorporation when required to do so. However, not all states require this. The current interrogatories do not give companies space to note that they did not file because it was not required. The suggested replacement will be simpler for regulators in their analysis. Additionally, regulators will be able to determine whether association by-laws and articles of incorporation were filed in each jurisdiction for which the company responds through this MCAS.

TPA Interrogatories

The term "third party administrators" is not defined and therefore it is not clear whether this includes producers which are licensed separately from a TPA and are often different entities. The different functions inquired about are sometimes handled by a TPA but may also be handled by a producer. There is no definition for a producer who may handle some of the functions but is not a TPA. Further, a company may work with multiple third party entities and not all are given the same responsibilities. Therefore, while a company can respond affirmatively to interrogatory 22, there may be multiple different administrators that for some may be a "Yes" to some of the subsequent questions but not all. Clarification around the definition of TPAs or intent behind this question would be helpful.

Due Date

In the FAQ 2023.0.5 version, the Other Health due date is June 30, 2025. This date differs from the May 31st due date posted on the Key 2024 MCAS Dates on the 2024 page. ACLI members would appreciate clarification on this date. ACLI also requests that, should the changes to the MCAS that the SME Group makes at this time be applied to 2024 data, the 2025 due date remain June 30 to give companies extra time to account for the changes.

Further Clarifications

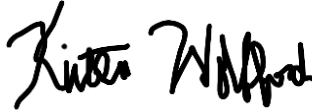
With this MCAS applying to multiple different lines, ACLI members find it challenging to respond correctly to the interrogatories as they are often "Yes" or "No" responses. Depending on which line of business a company is responding for, the response can be "Yes" for one product and "No" for another. We would like clarification on whether regulators intend for "Yes" or "No" questions to be broken out by product.

ACLI would like to understand the regulators' intent around gathering information concerning closed blocks of business and whether this information is useful in MCAS analyses. For companies, gathering information on closed blocks of business can be time-consuming and does not provide insight into the current market landscape and performance of the active business being marketed. We recommend excluding closed blocks of business from reporting in order to streamline the process, enhance data quality, and improve efficiency of regulatory oversight.

Similarly, we would like to understand whether regulators are finding the data on employer groups useful. Our understanding from the discussions is that the concerns with the marketing of these products are more related to the individual and association markets than employer groups.

Thank you for your time and attention in considering these matters and for the opportunity to provide comments on this important proposal. The industry stands ready to answer any questions you may have and we look forward to working with you on improving the MCAS filing process.

Sincerely,

A handwritten signature in black ink that reads "Kirsten Wolfford". The signature is written in a cursive, slightly slanted style.

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