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Via Email

August 19, 2022

Ms. Erica Weyhenmeyer
Chair, Market Conduct Annual Statement Blanks (D) Working Group
National Association of Insurance Commissioners

Ms. Rebecca Rebholz
Vice Chair, Market Conduct Annual Statement Blanks (D) Working Group
National Association of Insurance Commissioners

c/o TCooper@naic.org

RE: Health Market Conduct Annual Statement Blank (MCAS) Filing Date

Dear. Ms. Weyhenmeyer and Ms. Rebholz:

The Health Industry Interested Parties (“HIIP”) group is comprised of single and multi-state licensed health insurers and administrators representing comprehensive major medical and managed care health insurance carriers of all sizes located throughout the United States. On behalf of the HIIP group, we are writing with our comments on the Health MCAS filing date.

The HIIP group shares the NAIC’s goal to deliver a Health MCAS that is a reliable tool for regulatory oversight, and we request having an annual filing due date that is mutually satisfactory for regulators and health carriers. Uniform MCAS deadlines should not outweigh the need for ensuring that the Health MCAS is carefully compiled and validated, and results in accurate and complete health data that regulators can rely upon in performing their regulatory oversight goals. The theme of MCAS is to protect consumers and to look at qualitative and quantitative market conduct activities, which is contrary if an arbitrary “one size fits all” filing date (April 30) is required for health MCAS.

The volume of health insurance data is significantly larger than other lines.

Health insurance carriers deal with health care claims on a massive scale compared to other lines of business. Health carriers deal with millions of claims a day. According to the Council for Quality Affordable Healthcare, health carriers processed 3.4 BILLION claims in 2020.

<https://www.caqh.org/sites/default/files/explorations/index/2020-caqh-index.pdf>

This is compared to Life or Property and Casualty, where claims are more finite (e.g., flood, hurricane damage, car accidents, death). **The amount of data required for Health compared to Life or Property and Casualty is disproportionate, and an April 30 filing date does not take this into account.**

The reconciliation of health data is significantly more complex than other lines.

The significant volume of health data must be compiled and reconciled into dozens of specific individual, potentially unique, or overlapping sub-stratifications that requires extensive programming, querying, aggregating, or cross-referencing processes to identify and compile, not to mention validate and attest AND, health has more than four times the volume of data stratifications compared to other lines.

Further, Health MCAS filings rely on the NAIC releasing a list of NAIC codes and states required to file. This does not happen until both the Annual Financial filings and the Supplemental Health Care Exhibits are submitted in late March and early April. These are critical to the validation process that carriers undertake to ensure the data reported is accurate.

Health lines of business are further unique and complex with the timing of other mandatory state and federal reporting requirements, which enhances the challenges imposed by a uniform April 30 MCAS deadline for health. In addition to the health specific NAIC filing requirements, many health carriers are also subject to mandatory Federal and State Rate and Form filings for Affordable Care Act (ACA) products in a condensed period that further stresses carriers' resources and systems. **There is nothing comparable on the Life or Property and Casualty filings and again, an April 30 filing date does not take this into account.**

Preparation of Health MCAS is less automated than other lines

Carriers have made progress towards automating where possible, but the process to create the health MCAS is one that cannot be simply automated and automatically run from year to year. Each year, the issuer must go through and review their business and inputs to determine what should be considered in the annual MCAS filing, which much of this work begins in the 1st quarter of the year that reporting is due in order to be fully inclusive.

As previously noted, because data is pulled from multiple internal and external sources including finance, membership, claims, customer service, health care services, care management, pharmacy, etc. that can involve data maintained by numerous vendors or third-party administrators or systems requires critical and significant testing in order to produce complete and accurate filings so that the resultant MCAS ratios are reliable. Full automation will likely not be possible anytime soon.

Because of the broadness of the data and the fact that it will likely be pulled in from multiple sources, extensive validation is required. This type of detailed validation is extremely time consuming as each section is validated in comparison to the other reporting sections, and this is a necessary process in order to produce the most accurate and complete health MCAS reporting. **The process for preparing Health MCAS filing is significantly less automated than for Life or Property and Casualty filings which again, an April 30 filing date does not take this into account.**

Health MCAS Data – Fast or Accurate?

Based on five years of Health MCAS filing experience, a June 30 deadline has proven to produce more accurate, more reliable, and more usable data. Moving to an April 30 deadline will produce data that may be incomplete, unreliable and unusable and certainly will significantly increase the volume of questions and correspondence that carriers are receiving now from regulators to explain differences between the Health MCAS data and the Financial Annual Statement, further delaying production of more accurate, more reliable and more usable filings.

Keeping the current June 30 filing date should continue to decrease the need for carrier filing extension requests, and allow carriers to produce more accurate, more reliable, and more usable data for regulators. **Regulators and carriers both benefit from having the information more accurate, reliable and usable rather than just more readily available. As more data is added, it also benefits regulators and carriers to focus on improving filing efficiencies and not solely on filing submission dates.**

Therefore, the HIIP group would also recommend that the filing dates for health, other health and short-term limited duration MCAS filings should be held consistent and not bifurcated.

On behalf of the Health Industry Interested Parties group, we would like to thank you again for the opportunity to present Health MCAS information during the working group's July 21 teleconference meeting. Attached to this letter are the slides from that discussion. We appreciate your consideration of our concerns and related comments for maintaining June 30 as the Health MCAS filing deadline for 2023 and beyond. Please contact us if you have any questions.

Sincerely,

Samantha Burns
AHIP

Joseph Zolecki
Blue Cross Blue Shield Association

Attachment – Health MCAS slides from July 21 teleconference meeting

Health MCAS Filing Date 2023 and Beyond

Samantha Burns, AHIP

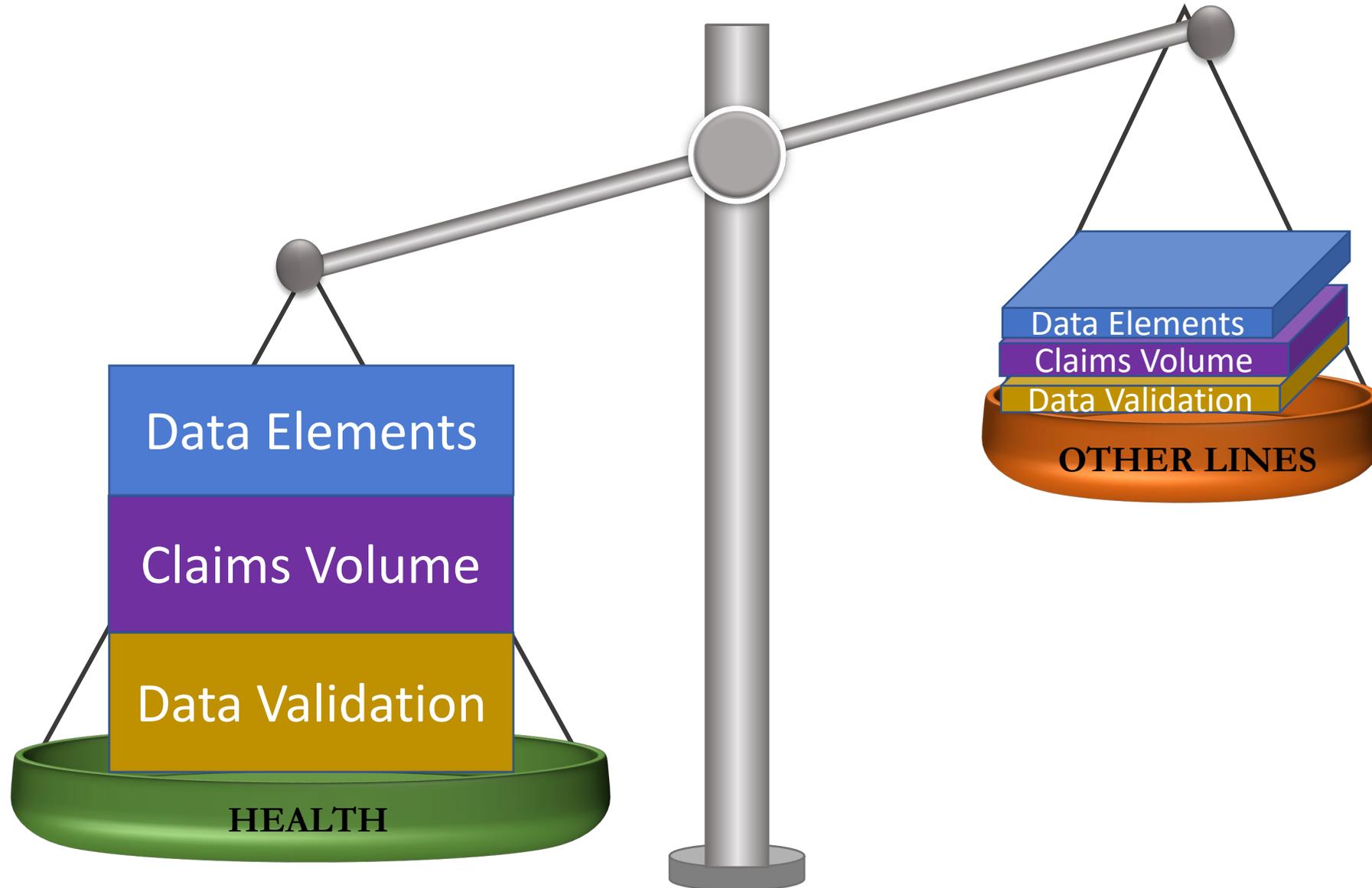
Joe Zolecki, BCBSA

July 21, 2022

Background



Health IS Fundamentally Different



WHY is Health Different?

MORE DATA

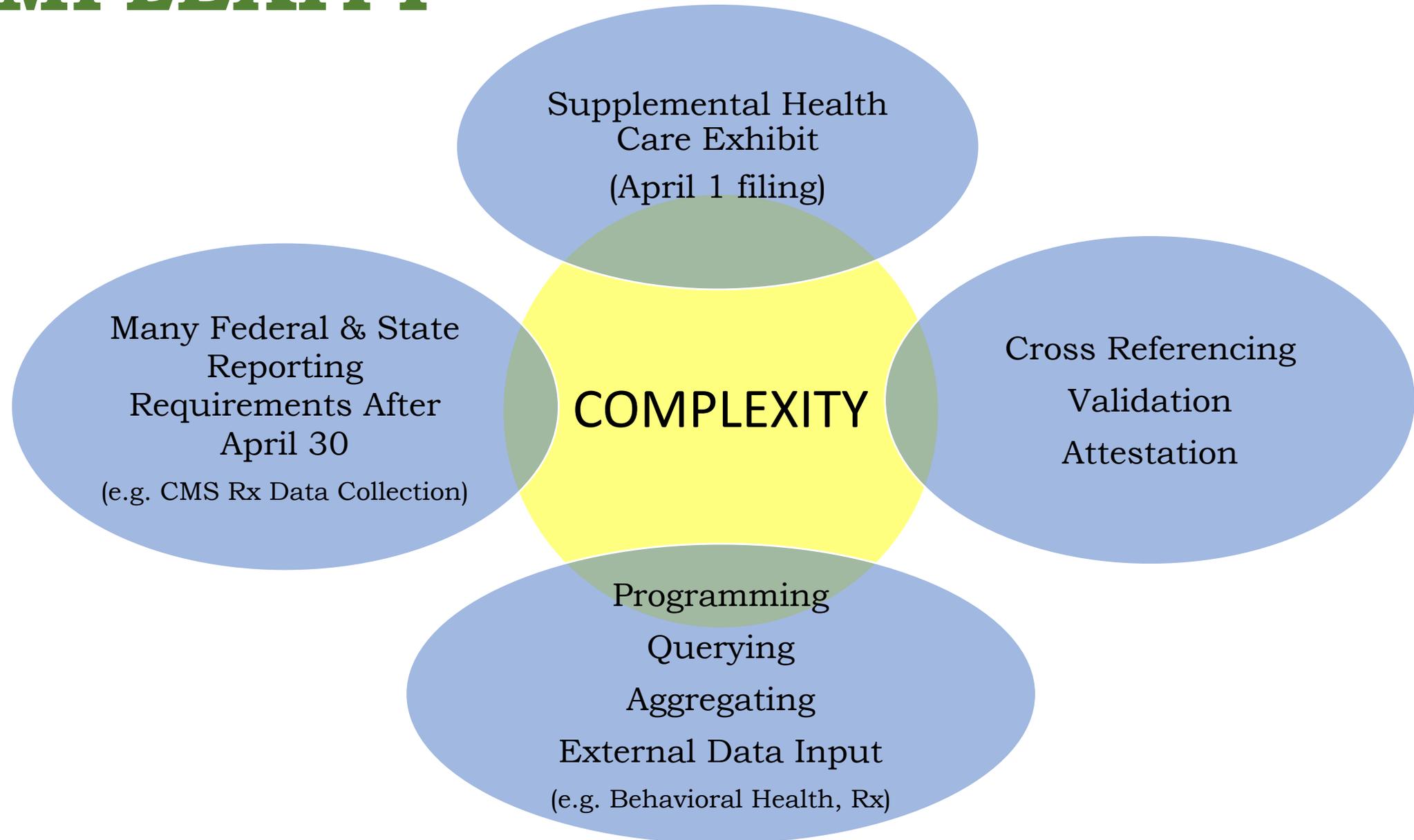
MORE COMPLEX

LESS AUTOMATED

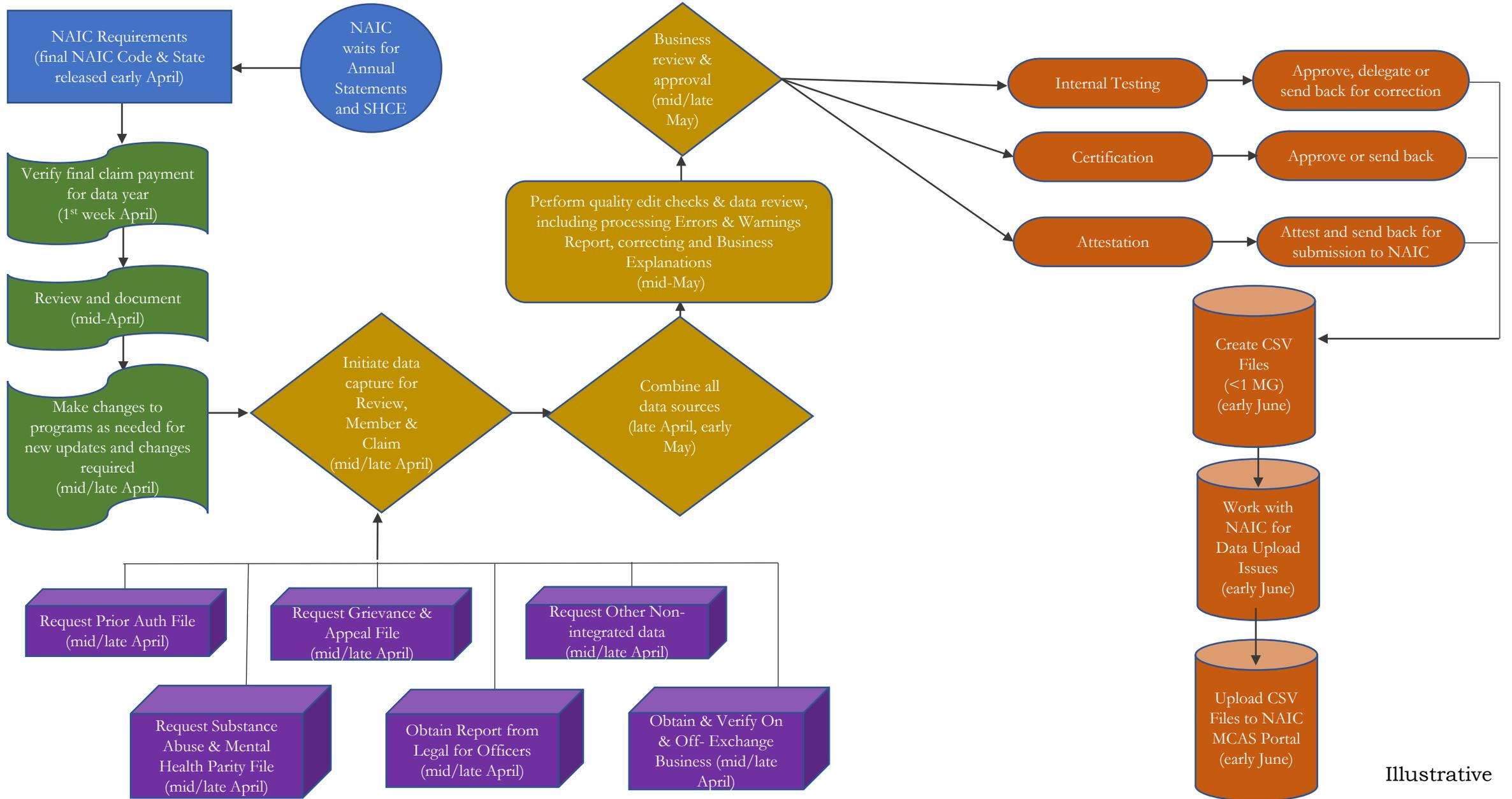
DATA

	# of Claims	# of Data Elements	# of Data Stratifications
Health	3.4 BILLION (2020 CAQH)	146 (NAIC)	21 (NAIC) Including: <ul style="list-style-type: none">• On/Off Exchange• Single/Multi State• Transitional (GF)/Non-Transitional• Individual/Small Group/Large Group• Bronze/Silver/Gold/Platinum Plans• In/Out of Network• Behavioral Health/ Medical• Rx/Non-Rx claims
Homeowners	3.5 million (2020 Quicken Loans)	37 (NAIC)	5 (NAIC)
Life	1.5 million (2021 NAIC)	37 (NAIC)	2 (NAIC)
Long-Term Care	300,000 (2018, AALTCI)	45 (NAIC)	3 (NAIC)

COMPLEXITY



Manual Nature of MCAS Health Workflow



Illustrative

Reasons June 30 Filing Makes Sense

- **Increases data completeness when filed at the conclusion of the 2nd quarter (June) rather than the beginning of 2nd quarter (April) – claims reconciliation.**
 - **Regulators and carriers both benefit from having the information more accurate rather than just fast.**
- **Increases data accuracy and avoids false identification of outliers causing unnecessary work for regulators and carriers.**
- **Decreases the need for carrier extension requests.**
- **Allows regulators to engage in more targeted market conduct exams relying on more accurate and useful data.**



The Tortoise or the Hare?