

Cari L Lee
608 345 5377
calee@steptoe.com

Steptoe

1330 Connecticut Avenue, NW
Washington, DC 20036-1795
202 429 3000 main
www.steptoec.com

April 11, 2023

Delivered via Electronic Mail – matthew.gendron@dbr.ri.gov

Matt Gendron
Chair, Pet MCAS Subject Matter Expert Working Group
Rhode Island Department of Business Regulation
Building 68, 1511 Pontiac Ave,
Cranston, RI 02920

RE: NAPHIA Comments on Pet MCAS Draft

Dear Mr. Gendron;

The North American Pet Health Insurance Association (NAPHIA) is pleased to offer comments regarding the draft pet Market Conduct Annual Statement (MCAS). We appreciate all the efforts of the subject matter expert regulators to prepare definitions and interrogatories for the MCAS Blanks Working Group. As you know, NAPHIA is committed to working towards a final report that provides meaningful and valuable data for market conduct review.

Our comments below focus mainly on the claims reporting schedule currently under discussion by the working group. As promised, our members reviewed the current items for discussion with their claims departments to gather information and suggestions. It is our intent to provide a clearer understanding of our member processes as well as the suggestions below:

- **Claims Definition and Interrogatories** – NAPHIA understands regulator interest in learning which items are covered in a claim. However, we learned that most of our member companies view invoice submissions as a claim. Therefore, they do not separate each line item on a submission as individual claims. While some companies may group line items from an invoice into related services for purposes of processing a submission of a single invoice, none of the companies we spoke with break out claims payments or denials by coverage type or invoice line item today. We also learned companies do not break out claims by full or partial payment because if items are not paid, it is because of an exclusion or ineligibility.

Companies overwhelmingly shared that claims systems could not easily break out the data by coverage type and line item. We also fear any efforts to modify systems would not only result in costly upgrades but, unfortunately, provide little value in the non-uniform data regulators would receive. For example, despite insurer requests, veterinarians use no standard industry health codes on their invoices today. Therefore attempting to bucket each line item the same way across every company is simply not possible.

Therefore we are suggesting the following for your consideration:

Recommended Revising the Definition of a Claim: NAPHIA suggests the following change to the definition of a claim to clarify that a policyholder submission is a claim.

A request or demand for payment of a loss that may be included within the terms of coverage of an insurance policy. Each claimant/insured submission for reimbursement shall count as a claim.

Interrogatories suggestions:

Schedule 3: Claims Activity

Policy Type: NAPHIA suggests regulators group claims and claims denials by the following policy types: Wellness, Accident, Illness, and Accident and Illness. If done in this manner, regulators will be able to reliably compare the data across companies.

#102, 103, 104, 105 – Number of claims denied based on condition: Companies do not break out claim denials based on a condition. Efforts to require them to break out claims in this way would result in claims reported in multiple categories and in different ways by each company, thereby rendering the information useless to determine outliers. NAPHIA asks regulators to reconsider these interrogatories and consider replacing them with our suggestions below, which we believe will provide a more accurate comparison across all companies.

#101: Number of closed claims with a denial for a preexisting condition (by policy type)

#102: Number of closed claims with a denial for ineligibility (by policy type)

Timing: Finally, we must mention the issue of timing. Should regulators wish to stand up a pet MCAS for the 2024 reporting year, we suggest a streamlined approach for the first few years of reporting. Once data becomes available, it will be much clearer what is needed to regulate the market conduct of the pet industry.

NAPHIA remains committed to working with you and your colleagues on the working group to develop the MCAS data call. Please do not hesitate to contact us should you have any questions.

Sincerely,

Cari Lee

Cari L. Lee

Director of Government Affairs and Public Policy

Step toe and Johnson, LLP

On behalf of the North American Pet Health Insurance Association