Health Integrated
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CONTACT:
Mike Miniati, Health Integrated
813-388-4030 or mminiati@healthintegrated.com

Health Integrated to Uncle Sam: "MLR Calculations Should Include Effective Programs that Improve Member Health"

Health Integrated submits comments to help inform new regulations for determining health plan performance.

Tampa, FL – May 18, 2010 -- In a letter to the U.S. Department of Health and Human Services (DHSS), Health Integrated, Inc., a leading provider of Health Management Solutions for health plans, called for the National Association of Insurance Commissioners (NAIC) to include disease management, population health management and case management services, and other programs that improve healthcare quality, in the definition of activities that are evaluated to calculate a health plans' medical loss ratio (MLR). The MLR is a financial metric reflects a health plans' incurred loss plus the loss adjustment expense to earned premiums.

Thomas Bendoraitis, chief financial officer of Health Integrated, submitted the letter in response to a government request for comments related to efforts to define what parameters are included in the MLR, as part of the recently enacted Public Health Service Act (section 2718). He urges in the letter that government and industry take care to appropriately define programs that are "included in the 'quality' bucket to avoid discouraging or inadvertently extinguishing the successful innovation that (so frequently) arises only from a plan's ability to try new ideas." Most importantly, health insurance companies that implement proven or experimental programs designed to improve member health should not be penalized in the MLR, Bendoraitis writes.

As part of healthcare reform, the federal government is requiring health insurance issuers to submit annual reports to the DHHS on the percentages of premiums that their coverage spends on reimbursement for clinical services and activities that improve healthcare quality, and to provide rebates to enrollees if this spending does not meet minimum standards for a given plan year. Health insurers must include in the report the percentage of total premium revenue – after accounting for collections or receipts for risk adjustment and risk corridors and payments of reinsurance -- that the coverage spends:

- On reimbursement for clinical services provided to enrollees;
- For activities that improve healthcare quality; and
- On all other non-claims costs, including an explanation of the nature of the costs (and excluding Federal and State taxes and licensing or regulatory fees).

The health plan industry has until Dec. 31, 2010 to establish uniform definitions of the activities being reported to the DHHS and standardized methodologies for calculating measures of these activities.

"Programs such as Case Management, Disease Management and Population Health Management focus on solutions to make consumers healthier, ensure they get the right care at the right time, and provide coaching, education and support to enable consumers to better manage their health in the context of their lives," Bendoraitis writes. "These programs fill a gap in the disjointed structure of our care system by improving communications with patients and their providers; and educating consumers about their disease states and the services available to them." These programs have been proven to be effective at improving both the health status of members and reducing overall cost of care, according to Bendoraitis.

The full text of the letter can be found at www.healthintegrated.com.

About Health Integrated
Health Integrated is the leading innovation partner for health plans, providing evidence-based solutions to accelerate achievement of health management goals for clinical outcomes, quality measures and cost containment. For more information, visit www.healthintegrated.com.

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