

May 10, 2010

Hon. Kevin McCarty  
Insurance Commissioner  
Florida Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, FL 32399

Dear Commissioner McCarty:

Thank you for hosting the recent joint public hearing on the impact of federal health care implementation and particularly as it relates to the medical loss ratio (MLR). AvMed gained important insights by attending and participating in the hearing. We share the concerns you expressed at the hearing about plan solvency and quality of care issues as there has been little conversation about "rate adequacy" and other OIR consumer safeguards since the enactment of the reform legislation.

As you know, Secretary Seblus has raised the issue of the proportion of premium revenues spent on clinical services and quality improvement and requested that the NAIC establish uniform definitions and standardized methodologies for determining what services constitute clinical services, quality improvement and other non-claims costs. Importantly, the Secretary has recognized the special circumstances of smaller plans and different types of plans must be accounted for in the establishment of standardized methodologies relating to such activities.

AvMed is a relatively small, not-for-profit regional health plan and has differentiated itself through robust and unique clinical programs related to improving health care quality that require a significant investment of non-claims costs. We believe that the Secretary is speaking of plans like AvMed in noting the special circumstances of smaller plans and different types of plans. As the NAIC and the states work to develop the MLR, it is critical that definitions and methodologies not be structured in a way that harms consumers by reducing choice among carriers or providers, reducing solvency for carriers, or reducing the ability of carriers to maintain quality standards, or interferes with the provision and promotion of high quality heard care benefits through high quality providers.

AvMed offers numerous quality programs that provide direct benefit to our members called Care Management. AvMed's Care Management programs include nurse call lines, centers of excellence where members can receive specialized services from providers and facilities, case management programs that provide care coordination and education for individuals that require guidance with their complex medical issues, disease management, wellness, e-prescribing and other quality-related programs. AvMed's care management programs are critical to enhancing the quality of care of our members and advancing the knowledge of such programs in the industry. In the clinical coordination area, AvMed's medical directors constantly review data to be sure the care being requested is the proper care and is delivered in the proper setting. Additionally, we review and credential providers to ensure they are in good standing, well-trained, responsive to patient needs and practicing high quality medicine.

AvMed's inpatient case management nurses not only assure appropriate care and utilization, but assure that quality care is delivered by all inpatient care givers. The inpatient case managers are available onsite to monitor the quality of care delivery in real time. Inpatient case managers are instrumental in the coordination of care and care integration in the home setting. Our inpatient case managers coordinate, home health, durable medical equipment (DME), infusion therapy and other treatment modalities to ensure that all the necessary care, the correct care, and the coordination of care are available for the patient.

Complex case management allows for one-on-one clinical guidance to the member. This continual relationship allows the member to develop confidence and trust in the case manager so that the patient is compliant with the treatment and follow-up. Medication compliance or adherence is also supported by complex case management and gives the patient the best chance of avoiding or delaying chronic illness or recovery from episodes of illness. Quality of care embraces the full spectrum of clinical services available to AvMed members and investigates, monitors, reviews and recommends in the areas of medication delivery, care delivery, and care integration

AvMed's maintains a twenty-four hour/seven days a week (24/7) nurse, on demand, call center to provide clinical information within appropriate protocols. Advice is provided depending on the unique clinical situation described by our members. For instance, questions about medication arise, questions about whether to use the emergency room or wait to see their primary care physician, questions about where to get medical advice or additional information all contribute to a higher level of care and the quality associated with the care.

Disease management is an essential component of AvMed's integrated care system. We have an opt-out program which allows our program to manage a greater number of members. The AvMed Healthy Living program (disease management program) provides coordination and assistance to approximately 18% of our commercial population and approximately 45% of our Medicare population. The AvMed Healthy Living program includes CHF, CAD, asthma, COPD, diabetes, osteoarthritis, low back dysfunction, and acid-related stomach disorders. We find that these chronic diseases are very much interrelated. Working directly with patients, advising them of the proper wellness and care guidelines, assuring that they get timely care and remain adherent with their treatment plans are some examples of enhanced care quality. Our Healthy Living program is closely tied and integrated with our Complex Case Management program.

In establishing the continuum of care AvMed makes available to its members, we made certain that each portion of our Care Management program is designed to provide integrated care with the utmost quality and service. Adherence to care guidelines, compliance with medication therapies, arranging care both with providers and at home are integral components of our program. Our goal is to deliver the highest quality of care at the right time, at the right place. Thus, unnecessary and potential harmful care is avoided.

AvMed is greatly concerned that the reform legislation would penalize plans who provide these high quality services to their members. Florida has been very progressive in requiring initiatives that improve the quality of the care that health plans members receive and that provide for a

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safer, more efficient health care experience for the patient. The medical loss ratio must not be used as a vehicle to remove quality programs and their benefits from health plan members.

Thank you again for your leadership at the NAIC as well as in the implementation of health care reform in Florida. AvMed remains ready to collaborate in any reasonable way to ensure that health care reform has the best chance of succeeding to increase access to coverage, reduce the rates of increase in the cost of health care services and improve its quality. In order to achieve that goal, however, the issues of plan solvency and quality of care that you have raised must not be sacrificed. Furthermore, the special smaller and unique plans such as AvMed must not be lost in a rush to uniformity.

Sincerely,



Ed Hannum  
President  
AvMed Health Plans