

I am writing to comment on the issue of health plans being able to comply with the 85% MLR requirement as required under full implementation of ACA.

I fail to see how, under current regulatory conditions, MLR can accurately be tracked, when health plans often downstream risk to provider groups, IPA's MSO's and the like. If the intent of the legislation is to ensure that 85% of premium is spent on direct provision of care, the administrative, general, selling and profits of the companies involved in these percentage of premium, risk-assigning arrangements should be fully reported as expenses of the insurer. In many instances, the health plan and risk bearing entity are affiliated through common ownership interests, if not owned outright by the same individual.

In these arrangements, common in Medicare Advantage plans, a percentage of premium is paid to an unregulated, downstream entity to provide for care. Many expenses typically paid by the insurer are assumed by the downstream entity, including disease management, case management, risk adjustment chart review, etc.

One example is the relationship between Humana and MetCare. Both are publicly traded companies, allowing for a reasonable degree of transparency. Let's say that Humana reports a MLR of 85%. Compliant. But follow the cash flow downstream and you will see that MetCare reports a MLR of 85% as well... meaning that only 70% of premium could possibly be used for actual direct provision of beneficiary care. Is this complaint with the intent and spirit of the legislation?

There is far more that I could speak to on the topic. If I can be of further assistance, please feel free to contact me.

Michael Seaman

3205 S. Washington Ave

Suite 801B

Titusville, FL 32780

(407) 875-0120

(407) 252-5500 (cell)