

From: Chuck Tanner [chuck.tanner@guamsurgicenter.com]
Sent: Tuesday, May 03, 2011 2:57 AM
To: HHS MLR Adjustments (HHS)
Cc: chris.budasi@guamlegislature.org
Subject: Guam MLR comment

To Mr. Steve Larsen, Deputy Director for Oversight, Office of Consumer Information and Insurance Oversight,

The purpose of this email is to provide my private comments to the request for adjustment to the MLR on Guam. In general, I am resistant to government limiting profits and I believe the strength of the market place should be first choice. In reading some of documents submitted, I would like to offer some perspective.

- Patients on Guam tend not to be litigious as compared to the West. This is easily confirmed by checking the GMH claims compared to an equal sized hospital in the mainland. I would be interested to see a comparison of legal actions against insurance companies – Guam to Mainland. Therefore there is reduced cost to insurance companies.
- The Guam based insurance companies offer medical services to their beneficiaries in the Philippines. This is a double edged sword. While cost is extremely lower in the P.I. comparatively, there does not exist, to my knowledge, the legal protection against medical misadventures afforded care given in the USA. Bottom line: who do you sue for malpractice? I have several concerns regarding this business practice. I also suspect that quality of care cannot be verified as it is in the states. Though some Phillipine facilities are accredited, the patient still does not have the “hammer” of litigation.
- A part of the ACA is the implementation of EHR. I also understand there is interest in an agreement to collaborate with Phillipine based health care organizations to accept Medicare. Though I am not an IT expert, I would assume that there would be concerns about implementing an EHR system outside of the US protection given the political sensitivity of HC information sharing. Additionally, Guam based insurance companies have been slow to embrace electronic claims submission and EDI. Based on this history, I am not sure they would embrace any future cost reduction/preventive strategies.
- In the letter from Rev and Tax Director, John Camacho, dtd Apr 15 2011 he mentions that GMHA is not equipped to handle cancer treatment. That is true, however the private sector has 3 medical oncologist and a radiation oncologist with a state of the art linear accelerator. So cancer care is available on Guam.
- He also mentions the lack of peer review in a subsequent paragraph. Peer review is available through different modalities and does not necessarily need to be conducted on island. In my opinion, it is probably best accomplished outside of Guam anyway. There seems to be a lack of “will” to promote this process though.
- On a personal note, I take offense to the paragraph in which he refers to an insurance company “will serve notice to terminate and exit”. This “threat” is unbecoming and intolerable. I also

believe that the insurance commissioner has some work ahead of him in that Guam lacks various mechanisms or does not have an adequate insurance regulatory body. I guess the obvious question is “why not?”

- I believe that insurance companies “re-insure” for catastrophic cases. Thus limiting potential losses.
- In general the documents reflect the increased cost of providing care and insurance coverage on Guam. I agree that there are higher costs in category. Guam based healthcare providers are reimbursed at Hawaii Medicare rates. Cost of care in Hawaii at the provider level is lower. Just check the latest shipping rates. So, I agree with the information that the cost of care is higher on Guam for the insurance companies, it is higher for the doctors too. I would hope that Medicare would take into account the physician side of the equation.

In closing, it is outside of my expertise to know how limiting MLR and providing rebates to consumers will change the healthcare arena on Guam. I have no crystal ball. Insurance companies have more assets than the individual and in fact, I only found out about this website via happenstance. I hope my comments provide some insight into the practice of healthcare on our small island far from the mainland and wish you the best in your decision making process.

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