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The Patient's Voice | *since 1996*

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Submitted By E-Mail

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Re: Request for Adjustment to the Medical Loss Ratio (MLR) for the State of Wisconsin

Dear Secretary Sebelius:

The National Patient Advocate Foundation (NPAF) is a non-profit organization dedicated to improving patient access to healthcare services through both federal and state policy reform. Its mission is to be the voice for patients who have sought care after a diagnosis of a chronic, debilitating or life-threatening illness. NPAF has a fifteen year history of serving as the trusted patient voice. The advocacy activities of NPAF are informed and influenced by the experience of patients who receive direct, sustained case management services from our companion organization, Patient Advocate Foundation (PAF). In 2010, PAF resolved 82,963 cases nationally and provided information to almost 4 million online contacts.

Patients suffering from a chronic, debilitating or life-threatening illness understand that health insurance coverage too often determines whether they will have access to necessary health care services. The challenges they face in trying to maintain the cost of coverage while battling illness escalates their need to assure value of premium expenses. NPAF recommends HHS review the State of Kansas's request for MLR adjustment from a patient-centric perspective. NPAF is concerned that granting the MLR adjustment will likely have a deleterious effect on consumers which will be exacerbated when those consumers become patients.

The medical-loss ratio (MLR) was designed to ensure that Americans receive value for their premium dollars. It provides consumers with an ability to calculate how their premium dollars are spent by identifying the total premium revenue that health plans devote to clinical services, as distinct from administration and profit. The Patient Protection and Affordable Care Act (PPACA) sets a minimum level of spending on medical benefits and quality improvement at 80% of premium revenue

in the individual and small-group markets.¹ The Congressional Budget Office (CBO) determined the 80% minimum MLR in the individual and small-group markets was attainable by efficiently-operated insurers. NPAF encourages HHS to consider the CBO report as well as the intent of the MLR when considering requests for MLR adjustments.

NPAF recognizes that HHS must consider market forces if it is to assure consumer access to health insurance products. The PPACA allows adjustments to the MLR to be granted only if “the Secretary determines that the application of such 80 percent may destabilize the individual market” in a state. HHS regulations² allow state adjustment of the MLR standard only if there is a “reasonable likelihood” that the requirement will cause market disruption.

NPAF has reviewed the State of Wisconsin’s MLR adjustment application. Wisconsin requests approval of a three year MLR phase-in of 71% for 2011, 74% for 2012 and 77% for 2013. The 71% starting point in 2011 reflects the current environment and increases the MLR in 3% increments each year through 2014. NPAF applauds Wisconsin for its consumer considerations in its state adjustment request. Its application states, “Without this adjustment, there is a reasonable likelihood that market destabilization and, thus, harm to consumers will occur.”

With regard to market disruption information, the Wisconsin application notes Wisconsin residents have already experienced the negative impact and market disruption of the new MLR standard. Because of the exits of both Consumers Life Insurance Company and American Community Mutual, over 700 individuals have been forced to seek new coverage. The exit of insurers is certainly an important factor to consider when predicting future market disruptions.

NPAF notes consumer value indicators of extant health insurance products are also an important market disruption factor. PAF case managers collect data on the patients they serve and compile an annual Patient Data Analysis Report (PDAR). The 2010 PDAR data on top insurance issues for patients served by PAF from Wisconsin reveal important consumer value indicators of health insurance products:

Out- of- pocket cost - Pharmaceutical	33.83%
Out -of-pocket cost - Facility/doctor visits	27.82%
Out- of- pocket cost - Inability to afford Medicare Part D cost share	9.02%
General benefit/coverage questions	6.02%
Premium assistance	8.27%
Deductible assistance	4.51%

Market destabilization considerations must include consumer impact defined by patient data if they are to be informed considerations. For example, the insured in Wisconsin are already experiencing challenges in meeting out-of-pocket pharmaceutical and provider costs. The NPAF recommends that absent compelling information that there is a reasonable likelihood MLR compliance will disrupt the market and therefore have an adverse impact on health insurance consumers, Wisconsin’s MLR adjustment application request should be denied. HHS should also

¹ Pub. L. No. 111-148 ss1001(5), 1010(f), 124 Stat. 119, 130, 885 (2010) (inserting and amending a new section 2718 in the Public Health Service Act (PHSA)

² 42 C.F.R. § 158.301

consider whether granting an MLR adjustment sends a message to insurers that insurance oversight will not be as consumer-centric as indicated in relevant PPACA language.

The NPAF invites HHS policymakers to submit requests for PAF patient data to ensure its MLR adjustment request deliberations are well informed of potential consumer impact. Please contact Beth Patterson, PAF's President of Mission Delivery, at beth.patterson@patientadvocate.org for patient data requests. To learn more about PAF and its national recognition as a stellar nonprofit, please review a recent press release that is attached to this letter.

In summary, NPAF encourages HHS to consider the legislative intent of the Patient Protection and Affordable Care Act when considering MLR adjustment requests. Rather than consider the impact of the adjustment on consumers, NPAF believes HHS should consider that impact when it is most crucial- when the consumer becomes a patient.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nancy Davenport-Ennis".

Nancy Davenport-Ennis
Chief Executive Officer



FOR IMMEDIATE RELEASE
January 12, 2012

CONTACT: Courtney Goodwin, 703-966-1214

Patient Advocate Foundation (PAF) Second Highest-Rated Charity in America According to New *MainStreet* Analysis of Charity Navigator Data

PAF's Perfect Four-Star Charity Navigator Rating and 69.40 out of 70 Score on Organizational Financial Health, Accountability and Transparency Places It Among Top of National U.S. Charities

Hampton, VA – Patient Advocate Foundation (PAF) announced today that a new analysis from personal finance news website *MainStreet* (www.mainstreet.com), also reported on *MSN Money*, has named PAF as the second-highest rated national charity in America. PAF received a perfect four-star rating from Charity Navigator, America's leading independent charity evaluator, for the second consecutive year in 2011 and a 69.40 out of 70 score for its fiscal performance and operational responsibility, ranking it higher than thousands of other charities in the nation. PAF is the only healthcare advocacy organization of its kind earning a spot in the top-ten rated charities in the analysis.

In its compilation of highest-rated charities, *MainStreet* looked at the leading charities in the U.S. based on their 2011 Charity Navigator scores, filtering out organizations that operate only locally and those that work mainly to collect and distribute funds to other charitable organizations. To compute the charities' performance scores, Charity Navigator evaluated 5,500 charities in America based on their financial health, accountability and transparency, of which 238 were rated with four stars.

“PAF is honored to receive this distinctive recognition of our ongoing commitment to utmost accountability, fiscal responsibility and dedication to always putting the patient first – which is also evidenced by the fact that we put 91.6 cents of every dollar we collect to patient services,” said Nancy Davenport Ennis, PAF Founder and CEO. “Likewise, we are proud that in 2011 we received a four-star rating from Charity Navigator for the second year in a row, helping enlighten patients in need as well as the public at large that we are a trusted, ethical and highly effective organization.”

The 10 highest rated national charity organizations in 2011 based on the *Main Street* analysis are: 1) Give Kids The World, 2) Patient Advocate Foundation, 3) Navy SEAL Foundation, 4) Homes for Our Troops, 5) Special Operations Warrior Foundation, 6) Teach For America, 7) Environmental Law & Policy Center, 8) National Campaign to Prevent Teen and Unplanned Pregnancy, 9) Spondylitis Association of America and 10) Injured Marine Semper Fi Fund.

For more information about Charity Navigator scores, visit www.charitynavigator.org.

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About Patient Advocate Foundation

Patient Advocate Foundation is a national non-profit organization that seeks to safeguard patients through effective mediation assuring access to care, maintenance of employment and preservation of their financial stability. PAF's professional case managers received and resolved 82,963 cases in 2010, an increase from 55,384 in 2009. Additionally, PAF received and provided information through online contacts to more than 4 million patients, family members and care professionals requesting access to care information and assistance. PAF services are available to all patients, patient families, and medical professionals, offering nineteen programs and services ranging from case management to co-pay relief, as well as specialized clinical support through the MedCare Line. PAF handles insurance claims intervention, job retention services and medical debt crisis management.

For more information about Patient Advocate Foundation, please visit www.patientadvocate.org or call toll-free (800) 532-5274