

Medical Loss Ratio Bill Is First Big Test for TAHU Members, Your Future

A bad bill, House Bill 531 by Dallas Rep. Rafael Anchia, that could threaten agents livelihood goes before the Texas House Insurance Committee this Tuesday, March 24. The Committee hearing is set for 2 p.m.



You can watch the hearing here: www.capitol.state.tx.us. Click on the "House Video" link.

This is a bad bill and would require insurance carriers and health plans to meet certain medical loss ratios by spending X per cent of an incoming premium dollar on medical claims and limiting administrative expenditures to a certain percentage. Those limits would be set by the State. ***If administrative expenses are limited, that means your commissions could be reduced even further.***

Politically, it may sound good but it won't work. Here's a few of the problems with MLRs:

- There's no guarantee that the quality of health care will be improved, that health care will be more affordable or more accessible or that health insurance rates will go down.

Other concerns with an MLR law are:

- It's only a mathematical formula derived from different accounting statistics.
- Better measures of the quality and efficiency of health plans and carriers are available, like patient satisfaction, data on access and use of preventive care, and clinical data that measure outcomes.
- At risk are valuable resources such as customer service, disease management, wellness, care management, quality assurance programs, health information technology, provider credentialing and network development. These are examples of expenses that do not fall under the "claims" category (and which actually reduce costs to consumers)
- Low cost products will be discouraged. Administrative costs are largely "fixed" and do not vary with premiums. Consequently, a high MLR requirement imposed on a low cost plan would discourage insurers from offering it.

Any law or regulation that could inhibit your ability to perform the wide variety of jobs you perform for consumers is a problem, like:

- Working with employers on not only their employee benefit programs, but a helping them cope with different benefits-related laws like COBRA, state continuation, HIPAA, FLMA, their group premium payment obligation under SB 51 from 2005, the individual risk pool and many other legal and regulatory issues; and helping insured people resolve claims problems.
- And all the while, working with the carriers and health plans to make sure we are offering the most competitive plans with the best benefits possible to Texans.

No question about it, medical loss ratio requirements threaten agents' existence and that means insurance consumers are threatened as well.

More Postcards From the Ledge

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What Can You Do?

Drop a note or give a call to these members of the House Insurance Committee and let them know that ***HB 531 won't bring about the desired results and you oppose it.*** If you live in Rep. Anchia's district or in one of these committee member's districts, it's even more critical that you contact them and let them know you are their constituent!

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Some More Great Information

The Texas Association of Health Plans has published a terrific white paper that details exactly why mandatory medical loss ratios miss the mark. Jared Wolfe, executive director at TAHP has graciously allowed TAHU to post that report on the TAHU web site: http://www.tahu.org/associations/1290/files/MLR_2_Pager_Final.pdf

Talk to the Employers in Your Community

Talk to every employer you know, especially if they are members of the two influential business organizations, NFIB-Texas and/or the Texas Association of Business, and encourage them to get the word out, get involved and help us head off House Bill 531. No employer will benefit from this bill.

Questions? Contact any member of the Legislative Council: Rick Ott, rickott@swbell.net; Jeff Sherrod, sherrod.jeff@principal.com; Cheryl Clark, checlark@teamumc.com; Gary Waldron, gwaldron@prescottpaillet.com; Lee Manross, lmanross@aol.com; Shirley Hutzler, shirly270@aol.com; misty@mistybaker.com)