



June 15, 2020

Russell Toal, Superintendent of Insurance
Alfred Walker, Hearing Officer
New Mexico Office of the Superintendent of Insurance
1120 Paseo de Peralta, PO Box 1689
Santa Fe, New Mexico 87501
Docket No.:19-00057-RULE-LH

Re: AHIP's Comments on Proposed 13.10.27 NMAC – Uniform Definitions And Standardized Methodologies For Calculating The Minimum Medical Loss Ratio

Dear Superintendent Toal,

I write today on behalf of America's Health Insurance Plans (AHIP) regarding the recently proposed amendments to New Mexico's methodologies for calculating the medical loss ratio (MLR).¹ Specifically, we are concerned that these proposed amendments to **13.10.27.8(G) NMAC** will negatively affect the ability of health plans in the small-group market to meet their MLR targets. We outline our concerns below.

Raising the minimum MLR for small-group plans could increase costs and reduce vital consumer services. Proposed amendments to **13.10.27.8(G) NMAC** would require small and large group policies to achieve an 85% MLR independently. If approved, this change would effectively raise the medical loss ratio for small-group policies during a time of tremendous economic uncertainty when the small-group risk pool is shrinking. Moreover, this amendment will reduce the available resources that small-group plans will have to implement innovative care, payment, and delivery models. These innovations produce better clinical outcomes and long-term cost savings.

The large and small group markets should not be treated the same for the purposes of calculating minimum MLR. There are compelling reasons why under the Affordable Care Act, the small group market has an 80% minimum MLR and the large group market has an 85% minimum MLR. Primarily, there are more administrative costs associated with small-group plans in comparison with large-group plans. Small-group plans cannot rely on employers' human resource departments to take on some tasks related to the administration of these health plans.

¹ AHIP is the national association whose members provide coverage for health care and related services to millions of Americans every day. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities, and the nation.

Small group plans also have fewer enrollees among which administrative costs can be spread and cannot achieve the economies of scale that can be achieved for large group plans.

Now is not the time to make these drastic changes to New Mexico's MLR calculation methodologies. The proposed changes to **13.10.27.8(G) NMAC** will amount to a five percent increase in the MLR for small-group plans. This change would be a significant burden at any time but is especially so at a time where there is so much uncertainty in the health insurance market because of the COVID-19 crisis. Accordingly, we suggest the following change be made to the proposed amendment to **13.10.27.8(G) NMAC**:

G. Minimum medical loss ratio levels. The minimum medical loss ratio for individually underwritten health policies shall be eighty percent. The minimum medical loss ratio for small *and large* group plans, including blanket health insurance, shall be eighty-five percent, *calculated collectively*. ~~The minimum medical loss ratio for large group plans, including blanket health insurance, shall be eighty-five percent.~~

Thank you for considering these comments. If you have any questions about the concerns raised in this letter, please contact me at sorange@ahip.org or (703) 887-5285; or our counsel J. Brent Moore at bmoore@montand.com or (505) 986-2648.

Sincerely,



Sara Orange
Regional Director, State Affairs
America's Health Insurance Plans