

Coalition: Fighting Fraud Improves Health Care Quality

By: Allison Bell
Life & Health, National Underwriter

Regulators should make room for anti-fraud efforts when adding up medical costs, according to the **Coalition Against Insurance Fraud**.

The Coalition, Washington, and another group, the National Insurance Crime Bureau, Des Plaines, Ill., make that argument in a comment letter submitted to the National Association of Insurance Commissioners, Kansas City, Mo.

The NAIC has been developing advice for the officials at the U.S. Department of Health and Human Services who are responsible for implementing the minimum medical loss ratio provisions in the Affordable Care Act – the legislative package that includes the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act.

Starting Jan. 1, 2011, the minimum ratios are supposed to be 85% for large groups and 80% for small groups and individuals.

The ACA provision states that health insurers can include the cost of health quality improvement efforts in the medical cost total.

The Coalition – a group that includes representatives from life insurers and groups such as the Consumer Federation of America, Washington, as well as property-casualty insurers – and the NICB, a group that fights automobile theft fraud, say the new minimum MLR rules should treat anti-fraud efforts as quality-improvement efforts.

“Excluding anti-fraud expenses by insurers in the medical loss ratio would discourage insurers from investing in anti-fraud activities, which

would be counter to long-held public policy that encourages insurers to develop effective programs to combat fraud,” the Coalition and the NICB write in their comment letter.

Health care fraud costs “lead to increased premiums paid by consumers and decrease the pool of money available to dedicate to health care,” the Coalition and the NICB write.

Working through licensing and regulatory entities can take much longer than having insurers themselves carry out investigations, the groups write.

The private groups often work with government investigators, the groups add. Coalition Executive Director Dennis Jay says health insurance company executives and health insurance producers have a stake in efforts to define the term “medical cost.”

“Until HHS rules on the definition of what's included in medical loss ratios, no one will know for sure what's included,” Jay says in statement.

But agents should be aware that some aspects of anti-medical-fraud efforts could change substantially, Jay says.

“These regulations will have a lot of say about what aspects of health care insurers will consider a priority,” Jay says.

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