



July 12, 2010

Mr. Steve Ostlund
Chair, PPACA Actuarial Subgroup
c/o Alabama Department of Insurance
201 Monroe Street
Montgomery, AL 36104

Dear Mr. Ostlund:

The American Benefits Council (the "Council") appreciates the opportunity to provide comments to the NAIC regarding the possible inclusion of expatriate coverage in the medical loss ratio ("MLR") provision set out in section 2718 of the Public Health Service Act ("PHSA"). The Council is an organization representing principally Fortune 500 companies and other organizations that assist employers of all sizes in providing benefits to employees. Collectively, the Council's members either sponsor directly, or provide services to, retirement and health plans that cover more than 100 million Americans.

Many of the Council's members have substantial international workforces and they commonly offer health insurance coverage to their overseas workers. Such coverage is typically underwritten by major U.S. health insurers.

The Council understands that the NAIC may subject expatriate coverage to the MLR standards. In our view, the NAIC has the legal authority to exclude such coverage from the MLR provisions. An analysis to this end that has been provided to the NAIC by the Groom Law Group. Moreover, there are very strong policy reasons for the NAIC to exclude expatriate coverage from the MLR standards.

In particular, the MLR rules must recognize the truly unique nature of expatriate coverage. Expatriate health insurance provides coverage for Americans working overseas, as well as employees of foreign companies that are working outside their home countries (e.g. French nationals working in Indonesia). These policies have a fundamentally different cost and administrative structure, as they must incorporate currency fluctuation and manual processing of claims since many of these foreign locations still do not have electronic claims submission.

Participants are often working in multiple countries, and the plans must deal with different local regulations, languages, customs, provider payment mechanisms, and care systems. The plans must also coordinate with the participant's home country health plans. In addition, many of these expatriates require specialized support such as evacuation services to assure access to acceptable levels of care.

In summary, excluding expatriate coverage from the MLR standards is merited given these unique business challenges, and given the substantial evidence that Congress did not intend to subject such coverage to these provisions of the recently enacted health care reform legislation. We appreciate this opportunity to share our views with you on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Paul W. Dennett". The signature is written in a cursive style with a large initial "P" and a stylized "D".

Paul W. Dennett
Senior Vice President, Health Care Reform