

## RESOLUTION 10 - 2010

Subject: Medical Loss Ratio  
Introduced by: Joel Charles, Jesse Charles, and Luke Lopas  
Referred to: Health Insurance Coverage and Access

1 Whereas, A November 2007 annual survey by Mercer Health & Benefits, LLC, found Wisconsin  
2 health insurance costs to be 22% above the national average (\$1,868 more per employee); and  
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4 Whereas, According to an actuarial analysis by the Lewin Group, Wisconsin health care costs will  
5 nearly double in the next 10 years, from \$18.5 billion in 2007 to \$35 billion in 2017; and  
6

7 Whereas, Wisconsin insurance companies take \$1.5 billion per year that does not go to medical  
8 care; and  
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10 Whereas, In Wisconsin the percent of premium dollars not spent on medical services in the group  
11 health insurance market is 26% for one company; and  
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13 Whereas, In Wisconsin the percentage of premium dollars not spent on medical services in the  
14 individual health insurance market is over 30% for one company and over 20% for two  
15 companies; therefore be it  
16

17 RESOLVED, That the Wisconsin Medical Society shall support policies that require each health  
18 insurance issuer that offers health insurance coverage in small group, large group and individual  
19 markets to provide coverage which has a medical loss ratio mandated by the State of Wisconsin  
20 or Federal Government; and be it further  
21

22 RESOLVED, That the Wisconsin Medical Society supports working with the OCI (Officer of  
23 Commissioner of Insurance) to establish a uniform definition of Medical Loss Ratio and  
24 methodology for determining how to calculate it based on the average medical loss ratio in a  
25 health insurance issuer's book of business.

Fiscal note: Within current budget.

### References:

[http://www.jsonline.com/business/70370992.html?utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+StatelineorgRss-Wisconsin+\(Stateline.org+RSS+-+Wisconsin\)](http://www.jsonline.com/business/70370992.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+StatelineorgRss-Wisconsin+(Stateline.org+RSS+-+Wisconsin))

<http://www.lewin.com/content/publications/WisconsinHealthPlanRpt.pdf>

[http://oci.wi.gov/ann\\_rpt/bus\\_2008/tableh.pdf](http://oci.wi.gov/ann_rpt/bus_2008/tableh.pdf)

[http://oci.wi.gov/ann\\_rpt/bus\\_2007/tableh.pdf](http://oci.wi.gov/ann_rpt/bus_2007/tableh.pdf)

Wisconsin State Office of the Commissioner of Insurance,  
"Wisconsin Insurance Report: Business of 2008, 2006, 2005, 2000"

### Relevant Policies

**Society:** None

**AMA:**

**D-330.923 Medicare Advantage Plans**

Our AMA encourages the Centers for Medicare & Medicaid Services to award Medicare Advantage Programs only to those health plans that meet all of the following criteria: (1) an 85% or higher medical loss ratio; (2) physician payment rates are no less than Medicare Fee for Service rates; and (3) use enforceable contracts that prohibit unilateral changes in physician payment rates. (Res. 837, I-08)

**D-450.985 Health Insurance Company Report Cards**

Our AMA will: (1) develop a model health insurance company report card which measures, at a minimum, performance standards for patient satisfaction, physician satisfaction, hospital satisfaction, use of rapid electronic payment, and medical loss ratio; and (2) encourage state medical societies to use this template to produce local or statewide report cards. (Res. 735, A-05)