

Matt,

Here is our final response to the questions below.

Before responding to the questions below the following is the information on the license of DCRB:

1. DCRB is licensed as a rating agency.
2. They are up for renewal every year. It is a \$100 fee.
3. Section 2511. Licensing of rating organizations.
  - (a) No rating organization shall make or file rates for risks located in this State without first being licensed therefor under this chapter.
  - (b) A corporation, an unincorporated association, a partnership or an individual, whether located within or outside this State, may make application to the Commissioner for license as a rating organization for such kinds of insurance, or subdivision or class of risk or a part or combination thereof as are specified in its application and shall file therewith (1) a copy of its constitution, its articles of agreement of association or its certificate of incorporation, and of its bylaws, rules and regulations governing the conduct of its business, (2) a list of its members and subscribers, (3) the name and address of a resident of this State upon whom notices or orders of the Commissioner or process affecting such rating organization may be served, and (4) a statement of its qualifications as a rating organization.
  - (c) If the Commissioner finds that the applicant is competent, trustworthy and otherwise qualified to act as a rating organization and that its constitution, articles of agreement or association or certificate of incorporation, and its bylaws, rules and regulations governing the conduct of its business conform to the requirements of law, he/she may issue a license specifying the kinds of insurance or subdivision or class of risk or part or combination thereof for which the applicant is authorized to act as a rating organization. Every such application shall be granted or denied in whole or in part by the Commissioner within a reasonable period after the same has been filed with him/her.
  - (d) Licenses issued pursuant to this section shall remain in effect for 1 year unless sooner suspended or revoked by the Commissioner.
  - (e) Licenses issued pursuant to this section may be suspended or revoked by the Commissioner, after hearing upon notice, in the event the rating organization ceases to meet the requirements of this section.

I have attached their license.

Response to questions dated Wednesday, September 25, 2013 delivered at 9:36 AM

1. Status of the Data Collection Committee's compliance with 19 Del.C. § 2301E:
  - a. Receipt of carrier-specific medical cost data required to be provided to Data Collection Committee by 8/1/2013

The DCRB provided data for nine carrier groups to the Department on August 1, 2013. We (DOI) in turn sent to the DCC within about a week. The DCC met on 9/17, and that meeting included discussion of the data previously given to the Department. The Commissioner and other members asked the DCRB to focus on individual carriers instead of carrier groups in responding to this requirement, which ultimately will reduce the number of entities involved to either one or two (different authoritative sources for market share produce the ambiguity here). The DCRB is in the course of organizing available data (this needs to come from a different source than the DCRB was able to use on a group basis) and they will supplement their earlier submission in the near future.

b. Data Collection Committee's review of data and decision regarding formal examination of carriers:

The members are awaiting the supplemental information described above before the DCC can make any determination on examinations. At our last DCC meeting, it did not appear that the members had an opportunity to thoroughly review the initial data due to the format of such data. The DCRB has told us that they expect to have the additional data to the members by the week of October 7<sup>th</sup>.

c. Data Collection Committee's provision of medical cost data to Health Care Advisory Panel:

The DCRB had approached the Department with a general proposal in terms of timing of submitting these reports, which recognized the cycle on which the Medical Data Call information is received. The DCRB envisioned reports being submitted early- to mid-month in October, January, April and July. On September 23<sup>rd</sup> a teleconference was held with members of the DCC, the Health Care Advisory Panel, staff from OptumInsight and the DCRB. That call established expectations that the information to be supplied would be organized in a fashion that would allow the HCAP to see the service types, provider types, places of service and specific procedure codes that were associated with the highest volumes and highest dollar amounts of expenditures in the data. There was also discussion about the DCRB exploring the extent to which "large" claims account for medical expenditures in Delaware, and sharing the findings of that work with the DCC and in turn HCAP.

Unrelated to the quarterly reporting process under HB175 there was also some dialogue during the teleconference about OptumInsight's efforts to establish a new reimbursement mechanism for ASC's and possible steps that the DCRB could take to assist in that effort.

It was expected by all parties that some initial fine-tuning of reports would be needed and helpful, but the expectation is for reporting to commence along the timeframe previously discussed above.

d. Current membership and meeting schedule of Data Collection Committee:

Here are the names of the Data Collection Committee members:

- Deputy Insurance Commissioner Gene Reed, Chair
- Donna Forrest (Dept. of Labor)
- Anthony Frabizzio, Esquire
- Joe Rhoades, Esquire
- Kevin Roth (Westfield Insurance)
- Glenn Brown (DPTA)
- Theresa (Terry) Smith (PMA Companies)
- Debra Lawhead (OMB)
- John Kirk (DOL)
- Dr. Bruce Rudin
- Rebecca Kidner (RB Kidner PA)
- Christine Schiltz, Esquire (PGS)
- Richard Heffron (Chamber of Commerce)
- Lawrence Wilson (S.T. Good Insurance/Independent Agents)
- Mary Rowland (Willis of DE/DAIAB)
- Dr. Stacy Cohen (DE Chiropractic)
- Jeff Cragg (Capital CMPG)
- John Daniello (IAB)

- Harry Gravell (DE Bldg. Trades)
- Tom Schertzinger (Zurich North America)
- Robert F. DiUbaldo (ACE Group)
- Howell F. Wallace (Pratt Insurance)
- Mark Meister/Mark Thompson (Medical Society of DE)
- John Gice, CPCU, ARM (Travelers/Enterprise Product WC Unit)
- John Boykin (BH Insurance)
- Representative Gerald Brady
- William Lynch (Liberty Mutual)
- Robert DiUbaldo (Ace Group)
- Howell Wallace (Pratt Insurance)
- Oyango Snell (PCIAA)
- Paul Simon (IBEW)

The next meeting date (we plan to establish timeframe of future meetings at that time – monthly, quarterly etc.) is October 15th @ 10am in our Dover office.

We have also secured dates for public information sessions that will include our actuaries (INS) as well as the rate payer advocate and his actuary (AIS). Those dates are as follows:

October 22nd @ 2 p.m. – DOI Dover office, main conference room

October 22nd @ 7 p.m. – Georgetown DTCC Owens Campus theater auditorium

October 23rd @ 6 p.m. – Carvel State Building auditorium

2. Rate application process (18 Del. C. § 2610)

a. Requests for information made by ratepayer advocate under new regulations:

The filing was delivered originally on September 25<sup>th</sup>, the date required by statute. The Commissioner directed the DCRB to withdrawal the filing, because it contained proposed rates that were unsubstantiated. The DCRB has communicated to us that they expect to make the revised filing next Wednesday, October 9, 2013. We would anticipate that requests to the DCRB, if any, from the Ratepayer Advocate and our actuaries would be forthcoming after their review of the filing begins. The Ratepayer Advocate and their actuarial consultant as well as our actuaries (INS) did attend the joint meeting of the DCRB's Actuarial and Classification & Rating Committees on September 18, 2013, where a detailed review of the filing indications was presented.

b. Timeline for application review process

The Department is committed to completing the application review process as expeditiously as possible, while ensuring a thorough review of the filing by the Ratepayer Advocate, the actuaries, and the DOI. We expect to issue formal public notice at a time that would allow the public hearing to occur sometime in mid-November. We intend to retain Judge Martin as hearing officer, and he has indicated that he is willing to serve in that capacity again this year. As provided by statute, and as in past years, the review process will be in accordance with the Administrative Procedures Act.

As is typical practice, the Department expects both actuarial firms to complete their reviews and submit their reports prior to the public information sessions.

I trust this adequately addresses your concerns.

Thanks

Gene T. Reed  
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From: Denn, Matthew (Lt Governor)  
Sent: Wednesday, September 25, 2013 9:36 AM  
To: Reed, Gene (DOI); Joe Rhoades  
Cc: Clark, Victor (Governor); Muncey, Tonia (DOL); McMahon, John (DOL)  
Subject: Workers Compensation Task Force

Gene and Joe -- As with our last meeting, I am planning to have the first item on the next Workers Compensation Task Force agenda be a review from the responsible agencies of cost-saving activities required by H.B. 175 that have been undertaken since the passage of the bill. I would appreciate it if you could be prepared to discuss the following issues at the meeting. Joe, I believe that you are the new chair of HCAP but if not I would appreciate it if you could forward this to the chair and let me know who that is.

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  - a. Receipt of carrier-specific medical cost data required to be provided to Data Collection Committee by 8/1/2013
  - b. Data Collection Committee's review of data and decision regarding formal examination of carriers
  - c. Data Collection Committee's provision of medical cost data to Health Care Advisory Panel
  - d. Current membership and meeting schedule of Data Collection Committee
2. Rate application process (18 Del.C. § 2610)
  - a. Requests for information made by ratepayer advocate under new regulations
  - b. Timeline for application review process
3. Health Care Advisory Panel
  - a. Review of cost saving issues raised at September Workers Compensation Task Force meeting