



Cox Health Systems Insurance Company  
Cox Health Systems HMO, Inc.

February 13, 2012

Centers for Medicare & Medicaid Services  
Office of Strategic Operations and Regulatory Affairs  
Division of Regulations Development  
Attention: Document Identifier/OMB Control Number CMS-10418  
Room C4-26-05  
7500 Security Boulevard, Baltimore, Maryland 21244-1850

RE: Response to the Draft Medical Loss Ratio Annual Reporting Form Filing Instructions

We would like to take this opportunity to comment on the Draft Medical Loss Ratio Annual Reporting Form Filing Instructions, specifically the section defining Line 2.6 recapped below regarding contract reserves.

*Line 2.6 – Direct contract reserve current year. Report the amount of reserves required when due to the gross premium structure, the future benefits exceed the future net premium. Contract reserves are in addition to claim liabilities and claim reserves. The only contract reserves that are allowed to be used in the calculation are those used for the purpose of leveling the emerging cost due to advancing demographic age under an issue age priced contract.*

The last sentence in the Line 2.6 section is a significant change from the original guidance from the NAIC in 2010 regarding MLR methodologies. We believe based on the original guidance the intentions of the NAIC were to include not only contract reserves relating to age-related prefunding, but also contract reserves relating to duration-related prefunding. We support that this sentence be deleted in the final instructions. We believe this signifies inappropriate policy from an actuarial standpoint.

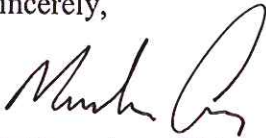
Cox HealthPlans is a provider-owned health plan in Southwest Missouri that insures over 6,000 individuals with comprehensive medical coverage at competitive rates. Cox HealthPlans is currently the only insurer that provides child-only policies in Southwest Missouri and one of only two carriers in the state that provides child-only policies.

We believe if the change in durational contract reserves is not included in the rebate calculation, it would create an unlevel playing field among companies, giving an unfair market advantage to

companies that have mature blocks of individual business and against new entrants or companies with growing blocks of individual business. Cox HealthPlans has a growing block of individual business filling a community need in the Southwest Missouri area and the only carrier for child-only policies. If durational contract reserves are not included in the rebate calculation it will make us re-evaluate our presence in the individual market and we will consider whether it makes sense to continue to sell new policies going forward.

We appreciate the opportunity to provide these comments on this very important issue and urge that the noted sentence above is deleted from the final instructions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew Aug', with a stylized flourish at the end.

Matthew Aug, CPA  
Chief Financial Officer