MANAGED CARE
Sustainability Accounting Standard

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About SASB
The Sustainability Accounting Standards Board (SASB) provides sustainability accounting standards for use by publicly-listed corporations in the U.S. in disclosing material sustainability issues for the benefit of investors and the public. SASB standards are designed for disclosure in mandatory filings to the Securities and Exchange Commission (SEC), such as the Form 10-K and 20-F. SASB is an independent 501(c)3 non-profit organization and is accredited to set standards by the American National Standards Institute (ANSI).

SASB is developing standards for more than 80 industries in 10 sectors. SASB’s standards-setting process includes evidence-based analysis with in-depth industry research and engagement with a broad range of stakeholders. The end result of this process is the creation of a complete, industry-specific accounting standard which accurately reflects the material issues for each industry.

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INTRODUCTION

Purpose and Structure

This document contains the SASB Sustainability Accounting Standards (SASB Standards) for Managed Care.

SASB Standards are comprised of (1) disclosure guidance and (2) accounting standards on sustainability topics for use by U.S. and foreign public companies in their annual filings (Form 10-K or 20-F) with the U.S. Securities and Exchange Commission (SEC). To the extent relevant, SASB Standards may also be applicable to other periodic mandatory filings with the SEC, such as the Form 10-Q, Form S-1, and Form 8-K.

SASB’s disclosure guidance identifies sustainability topics at an industry level and—depending on the specific operating context of a company—may be material to a company within that industry. Each company is ultimately responsible for determining which information is material, and which such company is therefore required to include in its Form 10-K or 20-F and other periodic SEC filings.

SASB’s accounting standards provide companies with standardized accounting metrics to account for performance on industry-level sustainability topics. When making disclosure on sustainability topics, companies adopting SASB’s accounting standards will help to ensure that disclosure is standardized and therefore useful, relevant, comparable and auditable.

Guidance for Disclosure of Material Sustainability Topics in SEC filings

1. Industry-Level Material Sustainability Topics

For the Managed Care Industry, SASB has identified the following material sustainability topics:

- Access to Coverage
- Improved Outcomes
- Plan Performance
- Pricing Transparency and Plan Literacy
- Customer Privacy and Technology Standards
- Climate Change Impacts on Human Health

NOTE: A description of each topic is provided alongside standard accounting metrics in the rest of this document.
2. Company-Level Determination and Disclosure of Material Sustainability Topics

Sustainability disclosures are governed by the same laws and regulations that govern disclosures by securities issuers generally. According to the U.S. Supreme Court, a fact is material if, in the event such fact is omitted from a particular disclosure, there is “a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of the information made available”.

SASB has attempted to identify those sustainability topics (above) that it believes may be material for all companies within the Managed Care Industry. SASB recognizes, however, that each company is ultimately responsible for determining what is material to it.

Regulation 5-K, which sets forth certain disclosure requirements associated with Form 10-K and other SEC filings, requires companies, among other things, to describe in the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section of Form 10-K “any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.”

Furthermore, Instructions to Item 303 state that the MD&A “shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.”

In determining whether a trend or uncertainty should be disclosed, the SEC has stated that management should use a two-part assessment based on probability and magnitude:

- First, a company is not required to make disclosure about a known trend or uncertainty if its management determines that such trend or uncertainty is not reasonably likely to occur.

- If a company's management cannot make a reasonable determination of the likelihood of an event or uncertainty, then disclosure is required unless management determines that a material effect on the registrant's financial condition or results of operation is not reasonably likely to occur.

3. Sustainability Accounting Standard Disclosures in Form 10-K

a. Management's Discussion and Analysis

Companies should consider making disclosure on sustainability topics as a complete set in the MD&A, in a sub-section titled “Sustainability Accounting Standards Disclosures.”

b. Other Relevant Sections of Form 10-K

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3 SEC [Release Nos. 33-8056, 34-45321; FR-61] Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations: “We also want to remind registrants that disclosure must be both useful and understandable. That is, management should provide the most relevant information and provide it using language and formats that investors can be expected to understand. Registrants should be aware also that investors will often find information relating to a particular matter more meaningful if it is disclosed in a single location, rather than presented in a fragmented manner throughout the filing.”
In addition to the MD&A section, companies should consider disclosing sustainability information in other sections of Form 10-K, as relevant, including:

- **Description of business**—Item 101 of Regulation S-K requires a company to provide a description of its business and its subsidiaries. Specifically Item 101(c)(1)(xii) expressly requires disclosure regarding certain costs of complying with environmental laws:

  > Appropriate disclosure also shall be made as to the material effects that compliance with Federal, State and local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, may have upon the capital expenditures, earnings and competitive position of the registrant and its subsidiaries.

- **Legal proceedings**—Item 103 of Regulation S-K requires companies to describe briefly any material pending or contemplated legal proceedings. Instructions to Item 103 provide specific disclosure requirements for administrative or judicial proceedings arising from laws and regulations targeting discharge of materials into the environment or primarily for the purpose of protecting the environment.

- **Risk factors**—Item 503(c) of Regulation S-K requires filing companies to provide a discussion of the most significant factors that make an investment in the registrant speculative or risky, clearly stating the risk and specifying how a particular risk affects the particular filing company.

- **Rule 12b-20**—Securities Act Rule 408 and Exchange Act Rule 12b-20 require a registrant to disclose, in addition to the information expressly required by law or regulation, “such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading.”


### Guidance on Accounting of Material Sustainability Topics

For material sustainability topics in the Managed Care Industry, SASB identified the accounting metrics below in **Table 1. Material Sustainability Topics & Accounting Metrics**.

SASB recommends that each company consider using these sustainability accounting metrics when disclosing their performance with respect to each of the sustainability topics it has identified as material.

As appropriate—and consistent with Rule 12b-20⁴—for each sustainability topic, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy and comparability of the data reported. Where not addressed by the specific accounting metrics, but relevant, the registrant should discuss the following related to the topic:

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⁴ SEC Rule 12b-20: “In addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made not misleading.”
• the registrant’s **strategic approach** to managing performance on material sustainability issues;

• the registrant’s **competitive positioning**;

• the **degree of control** the registrant has;

• any **measures the registrant has undertaken** or **plans to undertake** to improve performance; and

• data for registrant’s **last three completed fiscal years** (when available).

SASB recommends that registrants use SASB Standards specific to their primary industry as identified in the [Sustainability Industry Classification System (SICSTM)](https://www.sustainabilityindustryclassification.org). If a registrant generates significant revenue from multiple industries, SASB recommends that it consider the materiality of the sustainability issues that SASB has identified for those industries and disclose the associated SASB accounting metrics.

### Users of the SASB Standards

The SASB Standards are intended for companies that engage in public offerings of securities registered under the Securities Act of 1933 (the Securities Act) and those that issue securities registered under the Securities Exchange Act of 1934 (the Exchange Act), for use in SEC filings, including, without limitation, annual reports on Form 10-K (Form 20-F for foreign issuers), quarterly reports on Form 10-Q, current reports on Form 8-K, and registration statements on Forms S-1 and S-3. Nevertheless, disclosure with respect to the SASB Standards is not required or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

### Scope of Disclosure

Unless otherwise specified, SASB recommends:

• That a registrant disclose on sustainability issues and metrics for itself and for entities in which the registrant has a controlling interest and therefore are consolidated for financial reporting purposes (controlling interest is generally defined as ownership of 50% or more of voting shares);⁶

• That for consolidated entities, disclosures be made, and accounting metrics calculated, for the whole entity, regardless of the size of the minority interest; and

• That information from unconsolidated entities not be included in the computation of SASB accounting metrics. A registrant should disclose, however, information about unconsolidated entities to the extent that such registrant considers the information necessary for investors to understand its performance with respect to sustainability issues (typically this disclosure would be limited to risks and opportunities associated with these entities).

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⁵ Registration under the Securities Exchange Act of 1934 is required (1) for securities to be listed on a national securities exchange such as the New York Stock Exchange, the NYSE Amex and the NASDAQ Stock Market or (2) if (A) the securities are equity securities and are held by more than 2,000 persons (or 500 persons who are not accredited investors) and (B) the company has more than $10 million in assets.

⁶ See US GAAP consolidation rules (Section 810).
Reporting Format

Normalization
SASB recognizes that normalizing accounting metrics is important for the analysis of SASB disclosures.

SASB recommends that a registrant disclose any basic operational data that may assist in the accurate evaluation and comparability of disclosure, to the extent that they are not already disclosed in the Form 10-K (e.g., revenue, EBITDA, etc.).

Such data may include high-level operating data such as total number of employees, quantity of products produced or services provided, number of facilities, or number of customers. It may also include industry-specific data such as plant capacity utilization (e.g., for specialty chemical companies), number of transactions (e.g., for internet media and services companies), hospital bed days (e.g., for health care delivery companies), or proven and probable reserves (e.g., for oil and gas exploration and production companies).

Any operational data provided should:

• Convey contextual information that would not otherwise be apparent from SASB accounting metric

• Be deemed generally useful for users of SASB accounting metrics (e.g., investors) in performing their own calculations and creating their own ratios.

Units of Measure
Unless specified, disclosures should be reported in International System of Units (SI units).

Uncertainty
SASB recognizes that there may be inherent uncertainty when disclosing certain sustainability data and information. This may be related to variables like the imperfectness of third-party reporting systems or the unpredictable nature of climate events. Where uncertainty around a particular disclosure exists, SASB recommends that the registrant should consider discussing its nature and likelihood.

Estimates
SASB recognizes that scientifically-based estimates, such as the reliance on certain conversion factors or the exclusion of de minimis values, may be necessary for certain quantitative disclosures. Where appropriate, SASB does not discourage the use of such estimates. When using an estimate for a particular disclosure, SASB expects that the registrant discuss its nature and substantiate its basis.

Timing
Unless otherwise specified, disclosure shall be for the registrant’s fiscal year.
Limitations

There is no guarantee that SASB Standards to address all sustainability impacts or opportunities associated with a sector, industry, or company and, therefore, a company must determine for itself the topics—sustainability-related or otherwise—that warrant discussion in a registrant's SEC filings.

Disclosure under SASB Standards is voluntary. It is not intended to replace any legal or regulatory requirements that may be applicable to user operations. Where such laws or regulations address legal or regulatory topics, disclosure under SASB Standards is not meant to supersede those requirements. Disclosure according to SASB Standards shall not be construed as demonstration of compliance with any law, regulation, or other requirement.

SASB Standards are intended to be aligned with the principles of materiality enforced by the SEC. However, SASB is not affiliated with or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

Forward Looking Statements

Disclosures on sustainability topics can involve discussion of future trends and uncertainties related to the registrant's operations and financial condition, including those influenced by external variables (e.g., environmental, social, regulatory and political). Companies making such disclosures should familiarize themselves with the safe harbor provisions of Section 27A of the Securities Act and Section 21E of the Exchange Act, which preclude civil liability for material misstatements or omissions in such statements if the registrant takes certain steps, including, among other things, identifying the disclosure as forward looking and accompanying such disclosure with "meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements."

Assurance

In reporting on SASB Standards, it is expected that registrants report with the same level of rigor, accuracy, and responsibility as all other information contained in their SEC filings.

SASB recommends registrants use a higher level of assurance (attestation), such as an Examination Engagement to AT Section 701.

The following sections contain the technical protocols associated with each accounting metric such as guidance on definitions, scope, accounting guidance, compilation, and presentation.

The term “shall” is used throughout this Standard to indicate those elements that reflect SASB's mandatory disclosure requirements. The terms “should” and “may” are used to indicate guidance, which, although not mandatory, provides a recommended means of disclosure.
Table 1. Material Sustainability Topics & Accounting Metrics

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<th>CODE</th>
<th>ACCOUNTING METRIC</th>
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<td>Medical Loss Ratio (MLR) = medical costs as percentage of premium revenue.</td>
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<td>Rebates accrued and rebates paid due to non-compliance with Section 2718 of the Patient Protection and Affordable Care Act for Medical Loss Ratio.</td>
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<tr>
<td></td>
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<tr>
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<tr>
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</tr>
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</tbody>
</table>
Access to Coverage

Description
Although the Patient Protection and Affordable Care Act (PPACA) will increase the number of insured individuals, the Congressional Budget Office estimates that 30 million nonelderly people will remain uninsured in 2023. The PPACA will require that managed care companies cover all applicants regardless of health status, gender, or pre-existing conditions. Increased demand will pressure firms to address their medical cost ratio, while maintaining access to coverage.

Accounting Metrics
HC0303-01. Medical Loss Ratio (MLR) = medical costs as percentage of premium revenue.

.01 The registrant shall disclose its MLR as defined by the U.S. Department of Health and Human Services (HHS) in Title 45: Public Welfare Part 158 – Issuer Use of Premium Revenue: Reporting and Rebate Requirements (45 CFR Part 158), Section § 158.221 Formula for calculating an issuer’s medical loss ratio.

.02 As necessary, disclosure shall be subject to the aggregation of data requirements and credibility adjustment, as specified by HHS in 45 CFR Part 158.

.03 The registrant shall disclose MLR consolidated for all business lines and for each of the registrant’s business segments (e.g., small employer group, large employer group, individual retail) according its disaggregation of financial information, as outlined by US GAAP Topic 280 (Segment Reporting).

HC0303-02. Rebates accrued and rebates paid due to non-compliance with Section 2718 of the Patient Protection and Affordable Care Act for Medical Loss Ratio.

.04 The registrant shall disclose rebates, in dollar amount, owed to policyholders and as calculated by Title 45: Public Welfare Part 158 – Issuer Use of Premium Revenue: Reporting and Rebate Requirements (45 CFR Part 158), Section § 158.240 Rebating premium if the applicable medical loss ratio standard is not met.

.05 The registrant shall disclose the aggregate dollar amount of all forms of rebate, whether it was in the form of a premium credit, lump-sum check, or reimbursement to credit card or bank account.

.06 The registrant shall disclose the rebate amount accrued for the fiscal year, as well as the amount paid during the fiscal year for rebate liabilities from the previous year.

.07 The registrant should explain any differences between the amount paid during the fiscal year and the amount accrued during the previous fiscal year.

NOTES
HC0303-01
Additional references:
“Regulation for Uniform Definitions and Standardized Methodologies for Calculation of the Medical Loss Ratio for Plan Years 2011, 2012, and 2013 Per Section 2718 (b) of the Public Health Services Act and the Patient Protection and Affordable Care Act,..”
HC0303-03. Percentage of proposed rate increases receiving “not unreasonable” designation from Health and Human Services (HHS) review or state review (where it is authorized to conduct the review).

.08 The registrant shall disclose “not unreasonable” rate increase requests as a percentage of all rate increase requests made by the registrant during the fiscal period.

.09 The registrant shall disclose only for requests for which review has been completed during the fiscal year and conducted as per Title 45: Public Welfare Part 154 – Health Insurance Issuer Rate Increases: Disclosure and Review Requirements.

.10 The registrant may access the publicly available, searchable database of rate increase requests, which includes reviews conducted by the U.S. Department of Health and Human Services (HHS) and state designees.

NOTES
HC0303-03
Additional references: A current list of state programs that have designated effective rate review programs is here.
Improved Outcomes

Description
Managed care companies have the opportunity to create shareholder and societal value by working to improve the health of enrollees. The Patient Protection and Affordable Care Act (PPACA) places increased emphasis on health outcomes through provisions that require health plans to provide coverage for preventive services without cost to members. Further, the Act established the Five Star Quality Rating System for Medicare Advantage Plans. This rating system ties federal reimbursement rates for Medicare Advantage carriers and bonus payments to performance in five domain areas, including specific outcome-based measures. Subsequently, managed care companies that are able to improve the health of enrollees will be better positioned to protect shareholder value.

Accounting Metrics
HC0303-04. Percentage of enrollees in wellness programs by type: diet & nutrition, exercise, stress management & mental health, smoking or alcohol cessation, or other.

.11 Broadly, wellness programs are defined as those that foster:

• Primary prevention by promoting health-related behaviors (e.g., immunizations), healthy body mass index, or healthy lifestyle (e.g., exercise or smoking cessation);

• Secondary prevention by promoting early-stage disease detection and management.

.12 The registrant shall disclose enrollee participation in wellness programs as a percentage, where the numerator is the number of unique, individual enrollees participating in a wellness program and the denominator is the monthly average number of enrollees.

.13 The monthly average enrollees is calculated as the total number of member months (one member being enrolled in a registrant’s plan for one month) divided by 12 months.

.14 The registrant shall disclose the percentage of participation for each of the following types of wellness program: diet & nutrition, exercise, stress management & mental health, smoking or alcohol cessation, or other.

HC0303-05. Coverage of preventive services: (1) Total coverage ($) for preventive health services with no cost sharing for the enrollees including that which is required by the Patient Protection and Affordable Care Act; (2) Total coverage ($) for preventive health services requiring cost-sharing by the enrollee, including the percentage of the cost of services covered by the registrant; and (3) Percentage of enrollees receiving Initial Preventive Physical Examination (IPEE) or annual wellness visit (AWV).

.18 The registrant shall disclose the total value, in dollar amount, of claims paid for preventative services covered under Section 2713 of the PPACA. These include services rated “A” or “B” by the US Preventive Services Task Force (USPSTF) as posted annually on the Agency for Health Care Research and Quality’s website:

• Immunizations for routine use in children, adolescents, and adults as recommended by the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention;
• Preventive care and screenings for children as recommended by Bright Futures (American Academy of Pediatrics) and Newborn Testing (American College of Medical Genetics) as supported by the Health Resources and Services Administration; and

• Preventive care and screenings provided for women in the comprehensive guidelines supported by the Health Resources and Services Administration.

.19 The registrant shall disclose the total value, in dollar amount, of claims paid for preventive services outside the scope of Section 2713 of the PPACA, and for which it may require cost-sharing from enrollees. The registrant shall disclose the percentage of the total cost of these services that its coverage constituted.

.20 Services are considered preventive if they: a) are coded with a Current Procedural Terminology (CPT®) code that contains the modifier “33,” denoting a preventive service, b) are specifically identified as preventive, or c) are inherently preventive in nature, such as a screening mammography.

.21 The registrant shall not include in its calculation those services that are conducted in response to a symptom, even if it is the same service that can be administered as a preventive measure (e.g., a colonoscopy can be a preventive screening service when the patient is asymptomatic but is non-preventive when the patient is symptomatic).

.22 The registrant shall disclose the percentage of enrollees receiving wellness screenings, as CPT®/HCPCS coded for Initial Preventive physical examination (G0402, G0403, G0404, G0450) or Annual Wellness Visit (G0438, G0439).

HC0303-06. Number of customers receiving care from Accountable Care Organizations or enrolled in Patient-Centered Medical Home programs.

.23 The registrant shall include in its calculation enrollees in ACOs that meet the eligibility requirements of, and participate in, Medicare's Shared Savings Program for Fee-For-Service beneficiaries. It may, however, include enrollees in ACOs not participating in the Medicare program, provided that such ACO includes, at a minimum, the coordination of care from a variety of health care providers (including primary care physicians, specialists, and a hospital), and has the ability to administer payments, set benchmarks and measure outcome-based performance, and distribute shared savings.

.24 The registrant shall include in its calculation enrollees receiving care from Patient-Centered Medical Homes (PCMH) that meet the recognition and accreditation guidelines published by the American Academy of Family Physicians (AAFP), American Academy of Pediatrics (AAP), American College of Physicians (ACP), and American Osteopathic Association (AOA).

NOTES

HC0303-05. Definitions: Preventive services – encounters with health services that are not for the treatment of illness or injury. These are often classified with an International Classification of Disease (ICD) Z code (in the ICD-10-CM) representing the diagnosis. The ICD diagnosis code is then accompanied by a Current Procedural Terminology (CPT®) code that represents the services performed.

Additional references: United Healthcare’s example list of preventive services is located here. Cigna Corp’s example list of preventive services and FAQs is located here.

HC0303-06. Definitions: Patient-Centered Medical Home – a reimbursement model founded on an outcome-based care delivery, “pay for coordination,” system in which payment is based on the coordination of services and comprehensive care that is coordinated through a physician (or physician assistant or registered nurse).

• Accountable Care Organization defined in the PPACA: Sec. 2707 Pediatric Accountable Care Organization Demonstration Project and Sec. 3022 Medicare Shared Saving Program.

• A Deloitte Center for Health Solutions report provides an overview and characteristics of ACOs.

• The Center for Medicare & Medicaid Services (CMS) defines quality metrics for ACOs in its “Accountable Care Organizations 2013 Program Analysis” report.
Plan Performance

Description

Managed care companies must manage performance in areas such as responsiveness, complaints, voluntary disenrollment, and customer service in order to maintain competitiveness. Under the Five Star Quality Rating System for Medicare Advantage Plans, performance on key plan performance metrics will be factored into federal reimbursement rates and bonus payments for Medicare Advantage carriers. Disclosure on key indicators related to plan performance will allow shareholders to understand how managed care companies are ensuring corporate value.

Accounting Metrics

HC0303-07. Mean Medicare Advantage plan rating (1–5 stars) for each of the following plan types: HMO, local PPO, regional PPO, PFFS, and SNP.

.25 The registrant shall disclose the arithmetic mean Overall Plan Rating for each of the following plan types that it offers: Health Maintenance Organization (HMO) plans, Preferred Provider Organization (PPO) plans, Private Fee-for-Service (PFFS) plans, and Special Needs Plans (SNP).

.26 The registrant shall include in the calculation all plans of each type receiving a Medicare Advantage plan rating. The mean rating shall be disclosed rounded to the nearest tenth (one place after the decimal point).

.27 Plan ratings are publicly available on Medicare’s “Medicare Plan Finder” website.

.28 The registrant may choose to disclose the percentage of its plans, by type, that are “Five Star Plans” – those plans that receive the highest Medicare Advantage plan rating.

HC0303-08. Enrollee retention rate by plan type, including HMO, local PPO, regional PPO, PFFS, and SNP.

.29 The registrant shall disclose its enrollee retention rate using the following calculation: (Total number of enrollees at close of fiscal year – new enrollees added during the fiscal year) / (enrollees at the close of the previous fiscal year – enrollees involuntarily terminated during the fiscal year – attrition of employees in employee sponsored plans).

• Involuntarily terminated enrollees – those whose plans were terminated by the registrant due to fraud or intentional misrepresentation of material facts – shall be excluded from the calculation.

• Attrition of enrollees in employer sponsored group plans due to turnover (voluntary or involuntary) shall be excluded from the calculation.

.30 The registrant shall disclose retention rates by plan type, which may include HMO, local PPO, regional PPO, PFFS, and SNP.

NOTES

HC0303-07

Definitions: HMO – health maintenance organization; PPO – preferred provider organization; PFFS – private fee for service; SNP – special needs plan.

HC0303-08.

Additional references: The Kaiser Family Foundation provides an overview of Medicare Advantage Plans quality ratings.
HC0303-09. Percentage of claims denied that were appealed by customers and ultimately reversed.

.31 The registrant shall calculate the number of claims it denied that enrollees appealed and which the registrant reversed its decision having determined the denial to be invalid.

.32 To calculate the percentage of reversed claims denials, the registrant shall divide the figure calculated in .31 above by the total number of enrollee appeals to claims denials that were made during the fiscal year.

.33 The registrant shall not consider ongoing claims appeals – only those that were resolved during the fiscal year.

.34 Coverage for medical services can be denied before or after the service has been provided, either through denial of preauthorization requests or denial of claims for payment. Therefore, the scope of this metric includes both appeals of denials at preauthorization and denials at the time of payment.

.35 Claims that were denied for a billing error by the provider, appealed and resubmitted, and ultimately paid shall be considered outside of the scope of this metric (both numerator and denominator).

.36 For the purposes of this metric, if the appeal relates to denial of a portion of a claim, the registrant shall consider it in the same manner as an appeal to an entire claim denial.

.37 For the purposes of this metric, complaints, such as those with a state department of insurance which can also result in a reversal of denial, shall be considered in the same manner as an appeal. Complaints in this context shall only include those related to denial of coverage.

.38 Multiple appeals to the same claim shall not be counted separately for calculations.

HC0303-10. Grievance rate per 10,000 enrollees.

.39 The registrant shall calculate the grievance rate as: the number of grievances reported during the fiscal year / (monthly average enrollees / 10,000)

.40 Monthly average enrollees is calculated as the total number of member months (one member being enrolled for in a registrants plan for one month) divided by 12 months.

.41 As adapted from the Medicare definition, a grievance is any complaint or dispute, other than a registrant determination, expressing dissatisfaction with the manner in which the registrant or delegated entity provides health care services, regardless of whether any remedial action can be taken. An enrollee or his/her representative may make the complaint or dispute, either orally or in writing, to the registrant. In addition, grievances may include complaints regarding the timeliness, appropriateness, access to, and/or setting of a provided health service, procedure, or item. Grievance issues may also include complaints that a covered health service procedure or item during a course of treatment did not meet accepted standards for delivery of health care.

NOTES

HC0303-09
Preauthorization denials occur when a determination is made that: (1) the consumer is not eligible to receive the requested service because, for example, the service is not covered under the individual’s policy, or (2) the service is not appropriate, meaning that it is not medically necessary or is experimental or investigational.

Additional references:

HC0303-10
Additional references: California reporting guidelines
Pricing Transparency and Plan Literacy

Description

Managed care companies can create value through effective communication and transparency. The Patient Protection and Affordable Care Act strengthens that link by requiring that all health plans provide a uniform summary of benefits and coverage for enrollees and applicants. Companies will also be required to provide two examples of typical out-of-pocket costs for common medical events. Performance in this area will contribute to value as companies compete for new applicants in state-based exchanges.

Accounting Metrics

HC0303-11. JD Power & Associates members’ rating on “Information and Communication.”

.42 The registrant shall disclose the Member Health Plan Rating for the fiscal year as a mean rating of plans across all regions (currently 17)

.43 The Information and Communication Rating shall be disclosed rounded to the nearest tenth (one place after the decimal point).

.44 If the registrant is not ranked by JD Power & Associates, it shall disclose such information and may choose to disclose the reason that it did not receive a ranking (e.g., the sample size of enrollees was too small).

HC0303-12. Description of policies and practices related to clarity in pricing and coverage, including health care literacy programs.

.45 The registrant shall describe the nature, scope, and implementation of its policies and practices to ensure that enrollees have a clear understanding of their coverage and associated pricing.

.46 Relevant policies and practices may relate to communication tools and strategies (e.g., targeted reading level for written communications, policy to write in plain English, translated services), customer support mechanisms, enrollees’ surveys, and cross-cultural training of key staff.

.47 The registrant may choose to disclose the efficacy of its initiatives by disclosing, for example, the number of participants in its programs or other performance-based metrics.
Customer Privacy and Technology Standards

Description

The Health Insurance Portability and Accountability Act (HIPAA) requires health plans to comply with various requirements relating to the use, disclosure, storage, and transmission of patient health information. Further, companies in this industry are required to develop policies and technical safeguards to protect patient health information. A failure to comply with these evolving standards, which include new provisions established under the Health Information Technology for Economic and Clinical Health Act, can lead to significant civil and criminal penalties.

Accounting Metrics


.48 The registrant shall briefly describe the nature and context of proceedings related to HIPAA Act or HITECH Act violations. Proceedings include civil actions (e.g., civil judgment, settlements or regulatory penalties) and criminal actions (e.g., criminal judgment, penalties or restitutions) taken by any entity (government, businesses, or individuals).

.49 The registrant shall disclose the amount of any fine or settlement associated with each incident, not including legal fees.

.50 The registrant shall describe any corrective actions it has implemented as a result of each incident. This may include, but is not limited to, specific changes in operations, management, processes, products, business partners, training, or technology.

HC0303-14. Discuss implementation of technology and management standards to maintain security, privacy, and availability of customer data. Number of significant breaches of customer data security defined as “Notice to Media” breaches by 45 CFR 164.406.

.51 The registrant shall describe its mechanisms to protect customer data that it creates, receives, maintains, or transmits from reasonably anticipated threats, hazards, and impermissible uses and/or disclosures. It shall include an overview of how it meets the standards of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy and Security Rules.

.52 Customer data includes, but is not limited to, electronic protected health information (ePHI) and personally identifiable information (PII).
.53 The registrant should not include in its disclosure any information that compromises the security of its systems, its enrollees’ ePHI, or PII.

.54 The registrant shall disclose the number of breaches that occurred during the fiscal year and affected more than 500 individuals and thus required notification to the media. (Title 45: Public Welfare, Part 164 Security and Privacy, Subpart D-Notification in the Case of Breach of Unsecured Protected Health Information, Section 164.406 Notification to Media).

NOTES

HC0303-14

Definitions:

Breach – A breach is, generally, an impermissible use or disclosure under the Privacy Rule that compromises the security or privacy of the protected health information such that the use or disclosure poses a significant risk of financial, reputational, or other harm to the affected individual. (U.S. Department of Health and Human Services)

Confidentiality – the property that data or information is not made available or disclosed to unauthorized persons or processes.” (U.S. Department of Health and Human Services)

Integrity – the property that data or information have not been altered or destroyed in an unauthorized manner. (U.S. Department of Health and Human Services)

Availability – the property that data or information is accessible and useable upon demand by an authorized person. (U.S. Department of Health and Human Services)
Climate Change Impacts on Human Health

Description
An increase in extreme weather events associated with climate change could have significant health impacts. These events, coupled with the potential spread of infectious diseases and food and water scarcity, are likely to present material implications for the managed care industry through an increase in encounters with the health care system.

Accounting Metrics

HC0303-15. Description of the strategy to address the effects of climate change on business operations and how climate change is incorporated into risk models. Discussion of specific and opportunities presented by changes in the geographic incidence, morbidity, and mortality of illnesses and diseases.

.55 The registrant shall discuss its strategic business approach to addressing significant risks related to the effects of climate change. The effects may include changes in geography, morbidity, and mortality of illnesses and disease, such as:

• Increases in allergic responses, asthma rates, and heat-induced illness;
• Migration of tropical diseases such as malaria, dengue fever, and other vector-borne tropical diseases to non-tropical regions;
• Increases in waterborne diseases, such as cholera, due to increased natural disaster incidence; and
• Increased rates of human developmental diseases such as malnutrition due to decreased food availability.

.56 The registrant shall discuss any projected impacts on revenue, costs, or plan affordability.

.57 The registrant should discuss how it incorporates the effects of climate change into its risk assessment and risk adjustment activities.