



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

July 30, 2014

VIA EMAIL

United States Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

United States Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

United States Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Re: Comments on Application of Out-of-Pocket Limitation to Use of Reference Pricing

Dear Sir or Madam:

In response to the above-listed Departments' invitation to comment in Q4 of the Center for Consumer Information & Insurance Oversight's FAQs About Affordable Care Act Implementation (Part XIX), dated May 2, 2014, the Illinois Department of Insurance (IDOI) submits the following comments and proposed standards to address IDOI's concerns that reference based pricing structures could result in reduced choice of providers and an increase in out-of-pocket costs for consumers. Without safeguards in place, insurance carriers may not be providing timely access to quality care. Additionally, reference based pricing structures may generate a number of consumer complaints if applicable parameters are not clearly communicated to consumers. IDOI comments and proposes the following standards:

1. *Restrict reference pricing to only services that have significant price variation in a given geographic region and where there is little correlation between cost and quality of care.*
 - Do not allow reference pricing for services received during the course of emergency care or more complex care.
 - Do not allow reference pricing for services where consumers do not have a meaningful opportunity to shop for care and compare potential out-of-pocket costs.
 - Reference pricing should be based on prices in a limited geographic region (rather than state or nationwide).
2. *Mandate transparency.*
 - Insurance carriers must clearly inform consumers in writing (including all marketing materials) which procedures are subject to reference pricing, what the limit is for each procedure, and

explicitly inform consumers that the amount above the reference price does not apply to out-of-pocket maximums.

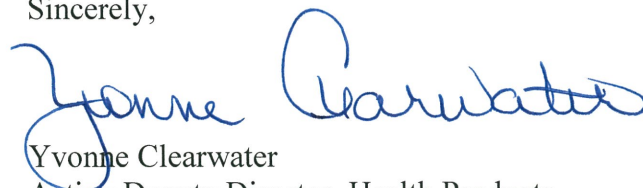
- Require that services subject to reference pricing are pre-authorized, and members are notified of the potential out-of-pocket costs prior to receiving treatment.

3. *Network adequacy.*

- Insurance carriers should be able to demonstrate that there are a sufficient number of providers who have been contracted at the reference price such that it does not represent an undue burden on members.
- Providers subject to reference pricing should be considered separately for network adequacy purposes given the potential additional costs to policyholders.
- Ensure that consumers are able to find a provider that would deliver services at at-or-below the reference price. Ensure that these providers are taking new patients and able to provide the given service within a reasonable amount of time.

Please feel free to contact us if you have any questions or require additional information.

Sincerely,



Yvonne Clearwater
Acting Deputy Director, Health Products