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Comments on the Kaiser Foundation Health Plan of the Northwest Proposal for Individual Health Rates Effective January 2014

Filing # KFNW-129003812

Health Insurance Rate Watch
A Project of OSPIRG Foundation

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The authors bear responsibility for any remaining factual errors. The views expressed in this report are those of the authors, and do not necessarily reflect the views of our funders, advisory committee, or those who provided analysis and review.

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Executive Summary

Kaiser Foundation Health Plan of the Northwest has proposed premium rates for its individual and family plans for 2014. Since its initial rate filing, the insurer has submitted a proposal to reduce those rates.

Thanks to a new law requiring all Oregon insurers to offer standard plans, it is now possible to compare proposed rates apples-to-apples across Oregon's insurers for the first time. In our analysis of this and other filings, we examine the premium proposed for one of these standard plans, the Oregon Standard Bronze plan for a 40-year-old nonsmoker in the Portland Metro area. This allows us to make meaningful comparisons across insurance companies.

Kaiser initially proposed a rate of $229 for this benchmark plan. [1] Since this rate was proposed, Kaiser submitted a letter to the Oregon Department of Consumer and Business Services (DCBS) proposing a 10% reduction to the initially filed rates. The need for this reduction was attributed to information that became available after the filing deadline.

Oregon's health insurance rate review program serves as a critical backstop to protect Oregon individuals and families purchasing coverage on their own from paying unreasonable premium rates.

With federal health reform bringing important new consumer protections into effect in 2014, many more Oregonians will be able to access coverage, and health insurance benefits and out-of-pocket costs will change substantially for many Oregonians. In addition, insurers will no longer be allowed to deny coverage to people with pre-existing conditions, and many Americans will be required to have health coverage or pay a penalty. These changes make it more urgent than ever to ensure that premium rates are justified, and that consumers receive good value for their premium dollar.

OSPIRG Foundation worked with the actuarial firm AIS Risk Consultants to analyze Kaiser's rate filing. We examined the insurance company's justification for the proposed rates, the financial position of the insurer, and how the rates would impact Oregonians if approved. Our staff and consulting actuary also reviewed additional information made available by Kaiser.[2]

After careful analysis of Kaiser's initial filing and the supplemental information provided so far, we have some concerns that we urge DCBS to consider carefully before moving forward with a decision on the final rates.

Key Findings:

- **In proposing a 10% reduction from the rates initially filed, Kaiser acknowledged that its original proposal contained significant errors.** This underscores the need to carefully scrutinize all the

[1] Kaiser received approval for a rate increase for its individual plans last year, a 1.8% change effective as of January 1, 2013. Kaiser had initially requested an increase of 2.0%, but DCBS approved the lower value. *See* DCBS, Rate Filing Decision Summary – Kaiser Foundation Health Plan of the Northwest Individual Health Plan, *at* http://www.oregonhealthrates.org/index.cfm?B64=nZzVWZjFGdvljbo12bl1TJFJ2cvhyd1UmRvR2Yn1XbmQGdft3cmJ2XpZGbul1Zk92b9MjM5UwM%3D%3D

[2] As part of this process, OSPIRG Foundation submitted questions to the insurer on May 20. Kaiser provided responses on May 29.

factors and assumptions used to calculate Kaiser's rates, and those proposed by all insurers, to make sure that only a fully justified rate is approved.

- **We are concerned that Kaiser's projection of a 5% trend for medical costs has not been justified by the documentation provided.** According to Kaiser's filing, the insurer experienced an average cost trend of only 1.1% for its Individual plans. With a number of major national studies demonstrating a substantial slowdown in health care cost growth in recent years, Kaiser's projection of accelerating cost growth deserves close scrutiny.

- **Kaiser's projection of an additional 30.7% increase in claims costs due to the health status of the newly insured is very high and has not been justified.** The exact cost impact of expanding coverage remains unclear, but Kaiser's projection is on the high end and should be scrutinized closely. Some experts have predicted that covering the currently uninsured will prove to reduce costs, since many uninsured individuals are young and healthy, and incur few medical costs.

- **It is unclear whether Kaiser has adequately adjusted its cost projections to reflect a reduction in "bad debt" due to the expansion of coverage as the Affordable Care Act (ACA) comes fully into effect.** With hundreds of thousands of Oregonians newly eligible for coverage in 2014, uncompensated care is sure to decline, and this benefit should be passed along to consumers in the form of lower rates. Kaiser's filing indicates a number of areas where ACA provisions may increase costs, but does not include this key area where reform will lead to cost savings.

- **When it comes to reducing costs and improving the quality of care, the filing lacks the quantitative measures and benchmarks needed to demonstrate Kaiser is pursuing an effective strategy**. While Kaiser appears to be employing a broad and comprehensive approach to reducing the cost of care by cutting waste and improving quality, it remains unclear from the information provided so far whether Kaiser is doing all it can in this area because no specific measures or benchmarks for cost and quality have been outlined for its many programs.

Before deciding to approve or deny this rate request, we urge the Insurance Division to scrutinize the issues raised here, require Kaiser to provide all documentation necessary to evaluate their proposal, and to clearly outline a concrete, achievable plan to contain costs for Oregon individuals and families.

Key Features & Insurer Information

Key features of the rate proposal	
State tracking # for this filing	KFNW-129003812
Name of health insurance company	Kaiser Foundation Health Plan of the Northwest
Type of insurance	Individual

Proposed Rates* (in initial filing)	
Standard Bronze	$229
Standard Silver	$291
Standard Gold	$344
% premium to be spent on medical costs	84.40%
% premium to be spent on administrative costs	15.60%
% premium to be spent on profits	0.00%

Basis for rate	
Medical cost trend	5.00%
Rx cost trend	5.00%
Cost due to health status of new customers (under federal health reform)	30.70%

Insurer's history of rate increases	Requested	Approved
2010	0.00%	0.00%
2011	8.00%	8.00%
2012	6.90%	4.90%
2013	2.00%	1.80%

Enrollment	
Year	**Members**
2006	19,059
2007	16,982
2008	15,062
2009	14,714
2010	15,160
2011	15,469
2012	15,469

Insurer information

Basic Information	
For profit or non-profit:	Non-Profit
State domiciled in:	Oregon

Insurer's financial position	
Year	2012
Surplus	$471,700,000
Investment earnings	$12,405,644

Surplus History	
Year	**Amount in Surplus**
2006	$429,998,937
2007	$494,196,039
2008	$480,100,218
2009	$494,918,142
2010	$500,000,000
2011	$490,600,000

*"Proposed rates" are for a benchmark population--a 40-year old nonsmoker in the Portland area
A Bronze plan will pay about 60% of the average policyholder's medical costs in a year; a Silver plan will pay about 70%, and a Gold plan will pay about 80%. For more information about the Oregon Standard plans, see http://www.oregonhealthrates.org/files/plan_summary.pdf

Discussion of Rate Filling

In each of the sections below, we discuss key questions about the rate filing and its impact on Oregonians.

In our detailed discussion of the rate filing, we provide analysis of information provided in the initial rate filing as well as supplemental information from the insurer in response to questions from DCBS and OSPIRG Foundation. All of this information is public record and is or will be available on the Oregon Insurance Division's rate review website, www.oregonhealthrates.org.

Examining the justification for the proposed premium rates

In proposing a 10% reduction from the rates initially filed, Kaiser acknowledged that its original proposal contained significant errors.

In a letter to DCBS posted online on May 16, Kaiser stated:

> "Beginning in early May, OID started publishing to its website information from all the carriers' filings for 2014. There appears to be a large variance among Plans' projections as to what the market cost and the market risk composition in 2014 will be. With this new information becoming available, we have reviewed our filing assumption related to our 2014 assumed risk score relative to the market normalized amount."

Kaiser therefore proposed to reduce the rates it proposed in its initial filing by 10% overall in light of newly available information about market average risk.

Kaiser's customers would benefit from lower premiums. However, Kaiser's admission that their initially requested rates were unjustified raises unique questions that we urge DCBS to explore and resolve before making a decision on the rate.

If a 10% reduction is justified due to errors Kaiser made in the initial filing, those errors and the source of those errors should be clearly identified, and Kaiser should explain what steps it will take to avoid proposing unjustifiably high rates in the future.

In response to OSPIRG Foundation's request to provide data, analysis and calculations supporting the proposed 10% reduction, Kaiser did not provide adequate additional relevant data.[3]

This lack of support raises questions that we urge DCBS to consider closely before moving forward with a decision on Kaiser's rate. Just as critically, the fact that Kaiser's initially requested rates appear to have been unjustified increases the urgency of scrutinizing all of the factors used in calculating Kaiser's rates—and those of other insurers—to make sure that to make sure that rates are decreased appropriately and only a fully justified rate is approved.

Kaiser's projection of a 5% trend for medical and prescription drug costs has not been justified by the documentation provided.

Kaiser's filing indicates that their "individual experience cost trend"—i.e., the average cost growth the insurer has recently experienced—was only 1.1%. Kaiser's projection of accelerating cost growth in the coming year should receive close scrutiny.

A number of major national studies have demonstrated a substantial slowdown in health care cost growth in recent years; from 2009 to 2011, health care spending per capita rose about 3% per year.[4]

[3] At the public hearing on the rate proposal on May 30, Kaiser's representative explained that one factor in their proposed downward revision of the rate was the revelation that the insurer administering Oregon's high risk pool, Regence BlueCross BlueShield, will not be participating in Oregon's health insurance exchange. However, the impact of this factor was not explicitly discussed in the filing or supporting documentation.

According to a more recent study, health care prices have increased only 1.1% over the past year, with total expenditures—including both price and utilization—increasing 4.2%.[5]

Kaiser's projection of a cost trend higher than the national average going forward deserves close scrutiny, since many experts expect that health care cost growth will remain low in the medium term.[6]

Due to their integrated provider network, Kaiser is in a different position with respect to medical trend projections than many Oregon insurers, since their projections are based on an internal budgeting process instead of trends in their contracts with providers. When asked about the development of these projections, Kaiser stated that details of the internal budgeting process supporting this trend are not available, and that the modeling supporting some other key elements of the calculation is proprietary and will not be made publicly available. Without the ability to review this information, it is difficult to evaluate the insurer's justification for basing their rates on a 5% trend projection.

Kaiser's projection of a 30.7% increase in claims costs due to the health status of the newly insured is very high and has not been justified.[7]

Experts differ in their estimates of the health status of the current uninsured and the impact this may have on the costs insurers will face when, starting in 2014, many more Americans will be able to purchase health coverage.

While some projections have estimated even higher cost impacts than Kaiser's projection in the current filing, many—including many of Kaiser's competitors in the current rate filing period—have made much lower projections. Some experts have predicted that covering the currently uninsured will prove to reduce costs, since many uninsured individuals are young and healthy, and incur few medical costs.

A study commissioned by CMS suggests that the majority—about 69%—of the currently uninsured have better-than-average health status.[8] A key consideration in determining the cost impact of expanding coverage to the uninsured is estimating how many of these healthy individuals and families will enroll, which will depend in large part on the success of the large-scale outreach, public education and enrollment efforts that the state and federal governments will undertake over the coming year. The extent of the success of these endeavors is difficult to predict, but consumers should not be made to pay extra for insurance on the assumption that coverage expansion efforts will fail.

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[4] CMS. National health expenditure accounts: historical national health expenditures by type of service and source of funds, CY 1960–2011 http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/

[5] Altarum Institute, Center for Sustainable Health Spending. June 2013 Health Sector Economic Indicators. Available at http://www.altarum.org/research-initiatives-health-systems-health-care/altarum-center-for-studying-health-spending/health-indicator-reports

[6] Alexander J. Ryu, Teresa B. Gibson, M. Richard McKellar, and Michael E. Chernew. "The Slowdown In Health Care Spending In 2009–11 Reflected Factors Other Than The Weak Economy And Thus May Persist." Health Affairs, May 2013. http://content.healthaffairs.org/content/32/5/835.abstract

[7] In addition to this 30.7% increase for population risk morbidity, Kaiser also includes a further 7.7% "other" increase in the rate calculation which was not supported. The combined impact of these two components in an increase in projected costs of 40.8% (1.307 X 1.077 = 1.408)

[8] http://marketplace.cms.gov/ExploreResearch/social-marketing-research-for-the-health-insurance-marketplace.pdf, see page 8.

The exact cost impact of expanding coverage remains unclear, but Kaiser's projection is on the high end and should be scrutinized closely. Kaiser did not supply sufficient information in its initial filing to enable independent evaluation of the basis for this projection. In response to questions, Kaiser referred back to the information included in the filing and did not provide additional supporting data.

Impact of federal health reform

It is unclear whether Kaiser has adequately adjusted its cost projections to reflect a reduction in "bad debt" due to the expansion of coverage as the Affordable Care Act (ACA) comes fully into effect.

Hundreds of thousands of Oregonians are expected to gain access to health coverage over the coming year as Cover Oregon comes online, enabling access to tax credits to pay for coverage, and as the state expands its Medicaid program.

Among the many benefits of this expansion will be a significant reduction in uncompensated hospital care for uninsured and underinsured individuals. Since the uninsured are rarely in a position to pay for their own care out of pocket, and underinsured individuals are frequently unable to cover all of the out-of-pocket costs associated with their plans, the cost of providing needed care is often shifted to the rest of us and is reflected in the reimbursement rates insurers pay hospitals and doctors for various services.

This is the so-called "bad debt" factor, and the anticipated reduction in bad debt should exert substantial downward pressure on hospital rates. Kaiser's filing does not directly discuss the impact of this downward pressure in the development of its cost projections.

Due to Kaiser's integrated system, its exposure to bad debt is different from that of most insurers, since the associated costs are not reflected in reimbursement rates. However, Kaiser can still be expected to benefit from the expansion of coverage reducing overall costs. Since Kaiser manages its own hospital system instead of contracting with outside provider networks, reductions in bad debt should be directly experienced by the insurer. This should make it easier for Kaiser to pass along the savings to its policyholders.

In response to OSPIRG Foundation questions, Kaiser revealed more information about how they developed their projections about a related factor—the collectability of cost sharing payments owed by Kaiser members—without specifically addressing the issue of a reduction in uncompensated care due to coverage expansion.

While the cost impact of reducing bad debt can be expected to become clearer—and to grow—over time, there is good reason to believe that uncompensated care will go down substantially even in the first year of the coverage expansion.

According to the Office for Oregon Health Policy and Research, uncompensated care cost Oregon hospitals over $1 billion in 2008 alone.[9] The primary driver of these costs is the health needs of Oregon's estimated 636,000 uninsured individuals.[10] Oregon's Medicaid expansion is expected to cover at least

[9] See http://www.oregon.gov/oha/OHPR/RSCH/docs/uncompensated_care/uncompensatedcaretrends_08.pdf
[10] See http://www.cbs.state.or.us/ins/consumer/federal-health-reform/wakely-aca-actuarialanalysis-20120731.pdf, page 14.

222,000 currently uninsured individuals,[11] and according to a conservative estimate, at least 60,000 currently uninsured individuals will receive coverage in Oregon's individual market in 2014.[12]

With nearly half of currently uninsured Oregonians expected to gain coverage in 2014, uncompensated care is sure to decline—most likely by hundreds of millions of dollars statewide—and this benefit should be passed along to consumers in the form of lower rates. Kaiser's filing includes allowances for a number of areas where ACA provisions may increase costs, but does not include this key area where reform will lead to lower costs.

Comparison of rates between Kaiser products

In addition to the Oregon Standard plans at the Gold, Silver and Bronze level, Kaiser is offering a range of non-standard plans. These plans have a number of differences from the Standard plans, including both network differences and different out-of-pocket cost arrangements, and Kaiser's filing proposes significantly different premium costs for them.

While non-standard plans designs may offer innovative benefits that are important for some consumers, the rationale for offering additional plans at a different price point should be crystal clear, and the rationale is not spelled out in Kaiser's filing.

Clarifying the basis for these cost differences is important to ensure that consumers can rely on the premium prices of these plans as accurate signals of the value of the coverage they are purchasing, and not a reflection of an expectation that a plan will have a sicker and more costly membership base. Insurers offering non-standard plans should be doing so in order to offer unique benefits to consumers, not in order to find new ways to direct unhealthy individuals elsewhere, or to charge sick individuals higher prices for coverage.

In response to OSPIRG Foundation questions, Kaiser explained that they are offering non-standard plans in order to provide their customers with choices that span the range of actuarial values allowed at each metal level. They also clarified that they do not anticipate any systematic differences in utilization, age or health status between the customer bases for the Standard and non-standard plans, but the insurer did not provide additional data to support this assertion.

While providing a choice of plans at each metal level may benefit consumers with unique needs, we urge DCBS to scrutinize the proposed price differences between these plans to ensure that they accurately reflect differences in benefits and cost sharing.

Cost impact of proposed rates

Total cost of Kaiser's plans

Taking into account premiums, deductibles, coinsurance and other forms of cost-sharing, the total cost of coverage for Kaiser's plans as proposed in the original filing would be substantial. Kaiser has proposed

[11] See http://www.oregon.gov/oha/Documents/MedicaidExpansion-EstimatedFinancialEffects.pdf, page 4.
[12] See http://www.cbs.state.or.us/ins/consumer/federal-health-reform/wakely-aca-actuarialanalysis-20120731.pdf, page 29

reducing the premium costs proposed in its initial filing, but a cost impact analysis of the rates as originally proposed is still a critical element of the review process.

Federal tax credits will help eligible individuals and families cover some of the cost of premiums and out-of-pocket expenses,[13] but the cost of the proposed rates should be considered on its own merits. The role of rate review is to ensure that the rate is appropriate for the benefits offered, whether the cost is borne by the policyholder directly or by the taxpayer in the form of subsidies.

The following case studies illustrate the total potential costs that Kaiser policyholders may accrue in the event of serious illness or other medical need.

Policyholders	**Plan**	**Annual premium**	**Out-of pocket max (deductible + coinsurance + copays)**	**Total potential cost**
Sam, 32	Oregon Standard Bronze	$2,544	$6,350	$8,894
Sarah and George, 50	Oregon Standard Silver	$9,768	$12,700	$22,468
Eric and Cynthia, 45, and their two children	Oregon Standard Gold	$13,269	$12,700	$25,969

These total potential cost calculations represent worst-case scenarios, but whether these costs are borne directly by policyholders or covered in part by taxpayers, they are substantial.

The case studies below illustrate the financial impact of a more likely, though still expensive, scenario: The total cost of an individual medical expense (such as childbirth or an inpatient hospitalization) costing $10,000.

Policyholders	**Plan**	**Annual premium**	**Deductible + Coinsurance**	**Total cost after premium and $10,000 claim**
Sam, 32	Oregon Standard Bronze	$2,544	$5,000 + $1,350	$8,894
Sarah and George, 50	Oregon Standard Silver	$9,768	$5,000 + $1,500	$16,268
Eric and Cynthia, 45, and their two children	Oregon Standard Gold	$13,269	$2,600 + $750	$16,619

[13] For information about eligibility for these federal tax credits, see www.coveroregon.com, the website for Oregon's Health Insurance Exchange. Since the amount of premium assistance available via tax credit is pegged to the second-cheapest Silver plan available in a state's Individual market, and Oregon premium rates have not yet been approved, it is impossible to project the impact of financial assistance precisely at this time.

As the chart above demonstrates, higher-value plans such as the Oregon Standard Gold[14] plan reduce out-of-pocket exposure to financial risk in the case of medical need, but total costs remain high and will be burdensome on Oregon families and federal budgets.

The out-of-pocket maximums above were established by the ACA cannot be changed in the rate review process, but we urge DCBS to take these costs into account when evaluating whether the coverage provided by Kaiser's insurance products is worth the proposed premium cost.

Comparison with current rates

It is impossible to make apples-to-apples comparisons between the proposed rates and the rates Kaiser offers today, due to new coverage requirements and other consumer protections that will be going into effect next year.

However, the proposed rates do represent a significant increase from the rates for the closest comparable plans Kaiser offers today. Kaiser's KP 2500/30/Rx plan, which offers the closest equivalent to the benefits and out-of-pocket costs in the Oregon Standard Silver plan, costs about $225 today,[15] in comparison to the $291 premium rate proposed for the Standard Silver plan. This means that current Kaiser customers in that plan wanting to purchase similar coverage will face an increase of about 29% for 2014.

While many customers will have access to premium assistance tax credits, and will have substantially expanded options for finding coverage elsewhere through Cover Oregon, these increases are very large and, if approved, the impact of these rates will be substantial.

Insurer's efforts to reduce medical costs while improving quality

Rising medical and prescription drug costs are far and away the most significant driver of rising health insurance costs. Health insurance companies have a significant role to play to help lower these underlying costs – not by cutting access to needed care – but by cutting waste and working with providers in their networks to focus on prevention and other proven strategies that keep patients healthier.

Reporting on efforts in this area as part of the rate filing is relatively new for insurers. From the consumer perspective, we are looking for a frank discussion of the insurer's approach to contain costs in ways that cut waste and improve quality.

In this analysis, OSPIRG Foundation tracks the insurer's reported efforts to implement six strategies understood to effectively reduce costs and improve quality, outlined through the chart below.

[14] Gold plans can be expected to cover about 80% of the average person's medical cost in a year, which is higher than Silver (70%) or Bronze (60%).
[15] For the same reference population: A 40-year-old single non-smoker in the Portland Metro area. See https://kaiser.healthinsurance-asp.com/expressweb/plan/AvailablePlans.action?groupId=0&quoteId=0#4 for detailed plan and premium information for Kaiser's current plans.

Insurer's Cost and Quality Initiatives

Initiative	Description	Insurer's current efforts	Projected Savings
Quality pricing, also known as "payment reform"	In contrast with the fee-for-service payment model, this model rewards providers that use best practices to help keep patients as healthy as possible.	Kaiser's integrated network employs salaried providers and does not use a fee-for-service payment model	Not specified
"Medical Home" initiatives	Coordinated patient-centered care that focuses on prevention and keeping patients healthy and out of the ER.	All of Kaiser Permanente's primary care clinics have received the accreditation as Level III Medical Homes (the highest possible) from NCQA	Not specified
Value based benefits	Plans with lower co-pays for treatment proven to be effective, and higher cost sharing for unnecessary procedures. Some insurers use this term to describe plans with higher cost sharing for specialty care or brand-name drugs.	None specified	Not specified
Chronic disease management	Case management and other tools to improve the health of patients with chronic disease. [16]	Case management program	Not specified
Reducing hospital readmissions	Working with providers to ensure that discharged patients have adequate follow up care.	Transition in Care "bundle" program	3% reduction in readmissions over 3 years; no cost savings specified
Reducing errors, hospital-acquired infections and other adverse events.	This includes not reimbursing providers for "never events," and incentives to encourage provider safety practices.	Infection prevention and control program, "Target Zero" project to prevent surgical site infections	Not specified

In its initial filing, Kaiser reported taking steps to reduce health care cost in ways that improve quality for patients in only three of the six key areas we track. In response to questions, the insurer explained its efforts in many other important areas, including reducing medical errors and reducing hospital readmissions, but did not provide detailed cost savings or health outcome data for any of its specific programs.

Kaiser's steps to reduce health care cost in ways that improve quality for patients include the region's most extensive network of Primary Care Medical Homes. Kaiser's integrated provider network, which employs salaried physicians, also enables them to avoid some of the sources of cost inflation associated with the fee-for-service model. Kaiser also states that their health plan is consistently ranked number one in quality in the Northwest by the National Committee for Quality Assurance (NCQA).

[16] Such as diabetes, asthma, depression, coronary artery disease, and congestive heart failure.

Kaiser states in the filing that its integrated service delivery system makes it difficult to quantify cost savings, since the savings are not directly reflected in contracted rates with independent providers. While this does put Kaiser in a different position from most commercial insurers, measuring the efficacy of cost containment programs is no less critical in an integrated system.

While it appears that Kaiser is more active and in the area of cost containment and quality improvement than many of its competitors, it remains unclear whether the insurer is doing all it can because no specific measures or benchmarks for cost and quality have been outlined for its many programs.

In response to questions, Kaiser reiterates that "specific cost savings are difficult to identify" for its cost containment programs. We acknowledge this difficulty, but it is also difficult to make improvements when programs are not measured in a way that enables critical evaluation. We urge Kaiser to redouble their efforts in this critical area, and we urge DCBS to encourage Kaiser and other insurers to seek and submit more detailed measures of the success of cost containment and quality improvement programs (and associated savings) as part of the rate review process, so that expected reductions in costs can be appropriately passed through to policyholders.

Conclusion

Kaiser has not adequately justified its proposed rates, and its admission that the initially filed rates were in error raises questions about the insurer's rate setting policies that should be addressed to ensure that such errors do not occur again.

OSPIRG Foundation is concerned that Kaiser has not provided enough data to support its projections of the cost of covering the currently uninsured as well as its projections of medical and prescription drug cost trends, and that the insurer has not done enough to pass along to consumers the cost savings associated with health reform.

We are also concerned that Kaiser has not provided information about its cost containment and quality improvement programs sufficient to enable independent evaluation of adequacy of the insurer's strategy in this key area.

We respectfully urge DCBS to closely examine these issues, as well as all the others raised through these comments, as it completes review of this rate proposal.