I. Background

In the interim final rule with request for comments that appeared in the December 1, 2010 Federal Register (FR Doc 2010–29596 (75 FR 74864)), there were technical and typographical errors that are identified and corrected in the Correction of Errors section below. The provisions in this correction notice are effective as if they had been included in the December 1, 2010 interim final rule with request for comments entitled “Health Insurance Issuers Implementing Medical Loss Ratio (MLR) Requirements Under the Patient Protection and Affordable Care Act.”

Accordingly, the corrections are effective January 1, 2011.

II. Summary of Errors

In the regulation text and preamble sections regarding the scope of the regulation, on pages 74921 and 74867, respectively, we are correcting a typographical error by replacing the Public Health Service Act section reference from “2718(b)(A)(ii)” to “2718(b)(1)(A)(ii).”

In the regulation text section regarding exceptions to the general aggregate reporting requirements (§ 158.120(d)) we are making two changes. On page 74922 (§ 158.120(d)(1)), we are replacing the words “State that has jurisdiction over” the certificate of coverage, which was inadvertently used, with “issue State of” the certificate of coverage. The correct phrase was inadvertently deleted and should be corrected.

On page 74923 (§ 158.120(d)(4)), we are inserting the words “non-U.S.” before “citizens working in their home country.” The words “non-U.S.” were inadvertently omitted and are necessary to make clear that this exception does not apply to U.S. citizens working in their home country. We have corrected the preamble section on page 74871 as well to reflect this revision to the text.

On page 74923 (§ 158.140(a)(1)), regarding group conversion charges, we are adding a sentence that we inadvertently omitted. The sentence clarifies paragraph(a)(1) with respect to an issuer that transfers portions of earned premium associated with group conversion privileges between group and individual lines of business in its Annual Statement accounting.

Also on page 74923, we are deleting a phrase from §§ 158.140(a)(2) and (3), regarding reimbursement for clinical services provided to enrollees. The preamble makes clear we intended to adopt the NAIC model regulation language, which does not include this phrase. The phrase had appeared in an earlier draft of the NAIC model regulation, and was correctly deleted from part of the interim final rule, but was inadvertently retained in subparagraphs (a)(2) and (3). Because the preamble makes clear that we intended to adopt the NAIC model regulation language, and the inconsistency between § 158.140(a)(1) and §§ 158.140(a)(2)and(3) creates an ambiguity that may cause confusion, we believe it should be corrected.

On page 74923, in two subsections regarding adjustments to incurred claims (§§ 158.140(b)(2) and (4)) we are also replacing the words “may” and “can” with the word “must” to indicate that such adjustments are mandatory. This misuse of “may” and “can” was inadvertent and should be corrected.

We correct an inadvertent omission in § 158.140(b)(5)(i) on page 74924, regarding the choice by affiliated issuers who offer blended rates to choose whether to make an adjustment to each affiliate’s incurred claims and activities to improve health care quality to reflect the experience of the issuer with respect to the employer as a whole. We
inadvertently omitted the requirement that if an issuer makes this choice, it must apply it for a minimum of 3 MLR reporting years. This correction is necessary in order to implement this option accurately.

We are also correcting an inadvertent discrepancy between the NAIC model regulation and the interim final rule regarding the treatment of fraud recovery expenses. We are, first, deleting the phrase “other than fraud detection/recovery expenses up to the amount recovered that reduces incurred claims” from §158.150(c)(6) of the interim final rule on page 74925, because in the NAIC model regulation this language does not apply to expenses that improve health care quality. We are then amending §158.140(b)(2) of the interim final rule, on page 74923, to add language from the NAIC model regulation regarding fraud recovery expenses. This changes how the fraud recovery amounts in question are labeled. The correction has no substantive effect on the medical loss ratio calculation. We are also amending the preamble to reflect this correction, by deleting two sentences from page 74874 and by changing two phrases on page 74876, and by deleting a parenthetical on page 74875.

On page 74925, we are also redesignating §158.161 as §158.162 and revising the section heading from “Reporting of Federal and State taxes” to “Reporting of Federal and State taxes.” On page 74926, we are also revising subparagraph (b)(1)(vii)(B) of this newly redesignated section, to add language that we inadvertently omitted. In addition, we are adding a new §158.161 to replace text that had been unintentionally deleted, but referenced in the preamble.

We are adding the words “or non-creditable” after “partially creditable” in §158.231(c)(2) on page 74928, which were inadvertently omitted. Adding these words is consistent with other sections of the regulation and is consistent with the preamble section on page 74982 regarding this subject.

Finally, we are correcting several typographical errors that appear in Table 2 to §158.232 and in the preamble regarding Table 2, on pages 74928 and 74982 respectively.

III. Waiver of Proposed Rulemaking and Waiver of the Delay in Effective Date

We ordinarily publish a notice of proposed rulemaking in the Federal Register to provide a period for public comment before the provisions of a rule take effect in accordance with §553(b) of the Administrative Procedure Act (APA) (5 U.S.C. 553(b)). However, we can waive this notice and comment procedure if the Secretary finds, for good cause, that the notice and comment process is impracticable, unnecessary, or contrary to the public interest, and incorporates a statement of the finding and the reasons therefore in the notice.

Section 553(d) of the APA (5 U.S.C. 553(d)) ordinarily requires a 30-day delay in effective date of final rules after the date of their publication in the Federal Register. This 30-day delay in effective date can be waived, however, if an agency finds for good cause that the delay is impracticable, unnecessary, or contrary to the public interest, and the agency incorporates a statement of the findings and its reasons in the rule issued.

This document merely corrects typographical and technical errors made in the MLR interim final rule with request for comments published in the Federal Register on December 1, 2010 (FR Doc. 2010–29596) under the Patient Protection and Affordable Care Act, which will be effective on January 1, 2011. The corrections contained in this document are consistent with and do not make substantive changes to the policies adopted in the MLR interim final rule with request for comments. The preamble to the MLR interim final rule with request for comments correctly refers to and discusses the substance of the sections affected by this technical correction and the table of contents correctly refers to the section headings that are the subject of this technical correction. Therefore, we find for good cause that it is unnecessary and would be contrary to the public interest to undertake further notice and comment procedures to incorporate these corrections.

For the same reasons, we are also waiving the 30-day delay in effective date for these corrections. We believe that it is in the public interest to ensure that the Interim Final Rule setting forth Health Insurance Issuers Implementing Medical Loss Ratio (MLR) Requirements accurately states our policies as of the date they take effect. Therefore, we find that delaying the effective date of these corrections beyond the effective date of the MLR interim final rule with request for comments would be contrary to the public interest. In doing so, we find good cause to waive the 30-day delay in the effective date.

IV. Correction of Errors

In 75 FR 74864, FR Doc 2010–29596, published December 1, 2010, make the following corrections:

A. Correction of Errors in the Preamble

1. On page 74867, second column, first full paragraph, line 3, the citation 2718(b)(1)(A)(ii) is corrected to read “2718(b)(1)(A)(ii)”.

2. On page 74871, third column, first paragraph, line 20, the term “citizens” is corrected to read “non-U.S. citizens”.

3. On page 74874, first column, second full paragraph, line 22 through the second column, line 2, after the phrase “conversion policies.”, the second full paragraph is corrected by deleting the two sentences beginning with the phrase “Incurred claims” and ending with the phrase “quality improving activities”, without inserting any additional language.

4. On page 74875, third column, last partial paragraph, lines 2 and 3, after the phrase “(3) Fraud Prevention activities” at line 1, the last partial paragraph is corrected by deleting “(beyond the scope of those activities which recover incurred claims),” without inserting any additional language.

5. On page 74876—

a. In the third column—

(1) In the first partial paragraph, lines 9–15 are corrected by deleting the phrase “and fraud recovery activities up to the amount of fraudulent claims recovered”, without inserting any additional language.

(2) In the first full paragraph, line 11, the phrase “a quality improving activity” is corrected to read “an adjustment to claims”.

6. On page 74882, Table 2, the term “$0” in the first line of the “Deductible” column on the left side of Table 2 is corrected to read “<2,500”.

B. Correction of Errors to the Regulation Text

■ 1. On page 74921, third column, second full paragraph (§158.101(b)), line 26, the citation 2718(b)(1)(A)(ii) is corrected to read “2718(b)(1)(A)(ii)”.

■ 2. On page 74922, third column, first full paragraph from the bottom of the page (§158.120(d)(1)), line 5, the phrase “State that has jurisdiction over” is corrected to read “issue State of”.

■ 3. On page 74923—

a. In the first column, second full paragraph (§158.120(d)(4)), line 8, the term “citizens” is corrected to read “non-U.S. citizens”.

b. In the second column—

(1) In the fourth full paragraph from the bottom of the page (§158.140(a)(1)), paragraph (a)(1) is corrected by adding the following sentence at the end of it: “If an issuer transfers portions of earned premium associated with group conversion privileges between group and individual lines of business in its
Annual Statement accounting, these amounts must be added to or subtracted from incurred claims.

■ (2) In the third full paragraph from the bottom of the page (§ 158.140(a)(2)), lines 2 and 3, paragraph (a)(2) is corrected by deleting the phrase “changes in unpaid claims between the prior year’s and”.

■ (3) In the second full paragraph from the bottom of the page (§ 158.140(a)(3)), lines 1 through 5 are corrected by deleting the phrase “the change in” following “incurred claims must include” and by deleting the phrase “from the prior year to the current year. Except where inapplicable, the reserve should be” following the phrase “claims incurred but not reported”.

■ c. In the third column—

■ (1) In the fifth full paragraph (§ 158.140(b)(2)), line 1, the term “may” is corrected to read “must”.

■ (2) After § 158.140(b)(2)(iii), line 20, paragraph (b)(2) is corrected by adding the following paragraph: “(iv) The amount of claims payments recovered through fraud reduction efforts not to exceed the amount of fraud reduction expenses.”

■ (3) In the fourth full paragraph from the bottom of the page (§ 158.140(b)(4)), line 1, the term “can” is corrected to read “must”.

■ 4. On page 74924, first column, first partial paragraph (§ 158.140(b)(5)(i)), line 14 (immediately following the term “aggregate.”), paragraph (b)(5)(i) is corrected by adding the following sentence: “An issuer that chooses to use such an adjustment must use it for a minimum of three MLR reporting years.”

■ 5. On page 74925—

■ a. In the first column, third full paragraph (§ 158.150(c)(8)), lines 1 through 4, (after the phrase “Fraud prevention activities”), paragraph (c)(8) is corrected by deleting the phrase “, other than fraud detection/recovery expenses up to the amount recovered that reduces incurred claims”.

■ b. In the third column—

■ (1) After the eighth full paragraph (§ 158.160(b)(2)(vi)), lines 31 and 32, the sentence “§ 158.161 Reporting of Federal and State licensing and regulatory fees” is corrected to read “§ 158.162 Reporting of Federal and State taxes”.

■ (2) After the eighth full paragraph (§ 158.160(b)(2)(vi)) and before the corrected sentence “§ 158.162 Reporting of Federal and State taxes”, on line 31, add the following paragraphs:

“§ 158.161 Reporting of Federal and State licensing and regulatory fees.

(a) Licensing and regulatory fees included. The report required in § 158.110 must include statutory