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September 26, 2016

Charlton L. Allen, Chairman
North Carolina Industrial Commission
430 N. Salisbury Street
Raleigh, NC 27603

Kendall Bourdon, Rulemaking Coordinator
North Carolina Industrial Commission
430 N. Salisbury Street
Raleigh, NC 27603

RE: Fees for Institutional Services (04 NCAC 10J .0103) (eff. Apr. 1, 2015)

Dear Chairman Allen and Coordinator Bourdon,

Please accept this correspondence on behalf of the National Association of Mutual Insurance Companies (NAMIC)¹ to communicate our strong support of the North Carolina Industrial Commission's (NCIC) passage of 04 NCAC 10J .0103 (eff. April 1, 2015) (rule) and communicate our strong opposition to Surgical Care Affiliates, LLC's (SCA) position in *Surgical Care Affiliates, LLC v. NC Industrial Commission* based on the foregoing:

- The rule was properly adopted following approximately three years of negotiations and hearings in accordance with the North Carolina Administrative Procedures Act;
- Rulemaking negotiations included a jointly funded consultant, a formal mediation, and years of rulemaking hearings involving government, business, insurance, community, and professional/expert feedback;
- The rule was produced by way of thoughtful dialogue, investigation, and objective quantitative analysis that allowed North Carolina to bring some of its medical expenses, including those impacting ambulatory surgery centers, in line with those of surrounding states. States that have adopted of Medicare-based fee schedules for workers'

¹ NAMIC is the largest property/casualty insurance trade association in the United States, with more than 1,400 member companies representing 39 percent of the total U.S. market. NAMIC supports a diverse spectrum of regional and local mutual insurance companies as well as many of the largest insurers in the world. NAMIC member companies in the United States and Canada serve more than 170 million policyholders and write more than \$230 billion in annual premiums. Our members account for 54 percent of homeowners, 43 percent of automobile, and 32 percent of the business insurance markets in the United States. Through our advocacy programs we promote public policy solutions that benefit NAMIC member companies and the policyholders they serve and foster greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.

compensation include Connecticut, Delaware, Georgia, Kansas, Mississippi, North Dakota, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, and West Virginia;

- All North Carolina stakeholders, including SCA, were provided ample opportunity to participate in the administrative rule-making process;
- Pursuant to NCCI's *Analysis of Alternatives to the North Carolina Ambulatory Surgical Center Fee Schedule Proposed to be Effective January 1, 2017*, in relation to the fee schedule reflected in the rule, the fee schedule clearly reflects the maximum Ambulatory Surgical Center allowable fees proposed in the current rule remain well above the amount permitted for reimbursement by Medicare beneficiaries;
- Any retroactive amendment sought by SCA would result in irreparable harm to businesses in North Carolina that purchase workers' compensation insurance as required by North Carolina law;
- Any amendment to the rule would adversely affect medical costs incurred by the State of North Carolina, local governments, school boards, and insurers, amongst others.

Thank you greatly for your time and consideration related to the above.

Regards,

A handwritten signature in blue ink, appearing to read "Liz L. Reynolds".

Liz L. Reynolds, CPCU, API, IOM
Director – State Affairs
Southeast Region

