



July 20, 2011

**By Email and Regular Mail**

Mary Beth Senkewicz  
Deputy Insurance Commissioner  
Life and Health  
Florida Office of Insurance Regulation  
200 East Gaines Street, Suite 121B  
Tallahassee, Florida 32399-0326

Re: Florida's Request for Adjustment to Medical Loss Ratio Standard

Dear Deputy Commissioner Senkewicz:

Thank you for the additional information provided in the Florida Office of Insurance Regulation ("FOIR")'s June 28, 2011 letter. This letter was sent in response to the Center for Consumer Information and Insurance Oversight ("CCIIO")'s April 4, 2011 letters, which requested information necessary to complete Florida's application for an adjustment to the MLR standard in Florida's individual health insurance market.

We have reviewed the information provided to us in this recent correspondence, and request further information regarding the items listed below. This information will aid the Secretary in her assessment of the application. We would appreciate receiving the FOIR's responses within seven (7) calendar days from the date of this letter. The responses should be submitted to [MLRAdjustments@hhs.gov](mailto:MLRAdjustments@hhs.gov).

The items for which we request further information are:

1. Please provide the 2010 Supplemental Health Care Exhibits ("SHCEs") for each of the 21 issuers included in the FOIR's application. Please provide a separate SHCE for each issuer, without aggregating the numbers for two or more issuers. For example, in the financial data submitted by the FOIR, it appears that data provided by the FOIR for Company R may consolidate data for two separate filing entities.
2. Based on our analysis, there appear to be ten issuers in the Florida individual market that are at least partially credible and may be subject to rebates, but do not appear to have been included in the information submitted with the FOIR's June 28 or March 11 letters.

These issuers are: Physicians United Plan Inc.; United Healthcare Ins. Co. (NAIC company code 79413, distinct from Golden Rule Ins. Co.); Aetna Life Ins. Co. (NAIC company code 60054, distinct from Aetna Health); American Medical Security Life Ins. Co.; Coventry Health & Life Ins. Co. (NAIC company code 81973, distinct from Coventry Health Plan of Florida); New York Life Ins. Co.; Metropolitan Life Ins. Co.; American General Life & Accident Ins. Co.; Humana Ins. Co. (NAIC company code 73288, distinct from Humana Health Ins. Co. of Florida Inc.); and Independence American Ins. Co. Please provide the SHCEs and estimated 2011-2013 rebates under both the statutory standard and FOIR's proposed adjusted standard for each of these issuers that has at least 1,000 life-years in the Florida individual market. In the alternative, please confirm that the FOIR does not wish the Secretary to take these issuers' information into consideration in making a determination.

3. "Attachment G" to the FOIR's June 28 letter provides financial information for four issuers that have entered the Florida individual insurance market since 2008. Three additional issuers are listed by the FOIR as having entered the market since 2008, but no financial information for them is provided. Please provide such information for these three issuers: Florida Health Care Plan, Inc.; Health First Health Plans, Inc.; and Humana Medical Plan, Inc. Please also provide SHCEs and estimated 2011-2013 rebates under both the statutory standard and FOIR's proposed adjusted standard for all seven issuers listed in "Attachment G," if not already provided in response to item 1.
4. "Attachment F" to the FOIR's June 28 letter provides rebate estimates for all 21 issuers in the Florida individual market for MLR reporting years 2011-2013 under the FOIR's proposed MLR adjusted standards. Additionally, the document entitled "Petition Spreadsheet - Revised (6-28-11)" provides 2011 rebate estimates for these issuers under the statutory 80 percent standard, but does not do so for 2012 and 2013, as required by 45 CFR §158.322(c). Please also provide rebate estimates for the 21 issuers included in the FOIR's application for MLR reporting years 2012 and 2013 under the statutory 80 percent standard.
5. In "Attachment F" to its June 28 letter, the FOIR reports that Company J expects to owe \$3,700,000-\$4,100,000 in rebates for the 2011 reporting year based on the 68% MLR standard proposed by the FOIR. According to the attachment entitled "Petition Spreadsheet - Revised (6-28-11)" to the FOIR's June 28 letter, Company J anticipates a 72.5 percent MLR. At 72.5 percent, Company J's MLR would be above FOIR's proposed 68 percent adjusted MLR standard and thus Company J would not be required to pay any rebates. Similarly, the estimated MLRs of Companies C, P, and T are 70 percent or higher, yet the FOIR indicates that they would owe rebates under a 68 percent MLR. Conversely, the estimated MLRs of Companies N, S, and L are 65 percent or lower, yet the FOIR indicates that they would not owe rebates under a 68 percent MLR. Please revise these issuers' estimated MLRs (and explain the basis for the revisions) or expected rebates, or explain these discrepancies.
6. According to "Attachment F" to the FOIR's June 28 letter, Company B expects to pay \$2,050,000 in rebates for the 2012 reporting year and \$16,300,000 for the 2013 reporting year, based on the FOIR's proposed adjusted MLR standards of 68 and 72 percent,

respectively. However, according to the attachment entitled “Petition Spreadsheet - Revised (6-28-11)” to the FOIR’s June 28 letter, Company B’s estimated rebate under an 80 percent MLR standard is zero. Please explain the reasons for why Company B’s estimated 2013 rebates dramatically exceed both its estimated 2012 rebates as well as its estimated rebates under an 80 percent MLR standard.

7. The FOIR’s initial March 4, 2011 application states that four issuers have already provided notice of withdrawal from the Florida individual market. Those companies are: Citrus Health, Guarantee Trust, Guardian Life, and National Health. Please provide a copy of the withdrawal notice for each of these four issuers. Please also provide any additional information available to the FOIR that would clarify the reasons for the withdrawal by Citrus Health.
8. Based on our assessment of select SHCE data, we calculate the 2010 market share (by enrollment) of the 21 issuers listed in the FOIR’s application in the following table. Please let us know whether you obtain the same results as those shown below. If you do not, please provide your calculation of market share by enrollment and a description of your methodology. If you would like us to consider any of the issuers listed in items 2 or 3 above, please add the information for those issuers to the table.

**Florida Individual Market  
Issuers’ 2010 Enrollees and Market Share by Enrollment<sup>1</sup>**

<b>Issuer</b>	<b>Enrollees</b>	<b>Market Share</b>
A.	25,916	3.0%
B.	51,531	5.9%
C.	5,593	0.6%
D.	5,789	0.7%
E.	1,836	0.2%
F.	2,167	0.3%
G.	45,480	5.2%
H.	120,140	13.8%
I.	409,625	46.9%
J.	16,779	1.9%
K.	24,940	2.9%
L.	14,116	1.7%
M.	5,181	0.6%
N.	7,347	0.8%
O.	2,333	0.3%
P.	1,055	0.1%
Q.	3,613	0.4%
R.	67,952	7.8%

<sup>1</sup> SHCE data for Companies L and U was unavailable; therefore, the number of enrollees listed in the table below for Companies L and U is as provided in FOIR’s “Attachment B-1” to its June 28 letter.

S.	3,612	0.4%
T.	6,266	0.7%
U.	1,444	0.2%
Rest of Market	50,496	5.8%
<b>TOTAL</b>	<b>873,211</b>	<b>100.0%</b>

9. Based on our assessment of select SHCE data, we calculate 2010 MLRs (using the Federal definition of MLR) for the 21 issuers listed in the FOIR's application in the following table. Please let us know whether, using the Federal MLR definition and the 2010 SHCE data, you obtain the same estimates as the CCIIO estimates shown below. If you do not, please provide your estimates and a description of your methodology. If you would like us to consider any of the issuers listed in items 2 or 3 above, please add the information for those issuers to the table. Please also provide the relevant information for Companies L and U, which were unavailable for our assessment.

**Florida Individual Market  
Estimated 2010 Federal Medical Loss Ratios**

<b>Issuer</b>	<b>Life Years</b>	<b>MLR Before Credibility Adjustment</b>	<b>Credibility Adjustment</b>	<b>MLR After Credibility Adjustment</b>
A.	26,926	76.5%	1.6%	78.0%
B.	34,913	64.4%	1.4%	65.8%
C.	6,984	63.8%	3.3%	67.0%
D.	5,307	82.0%	3.6%	85.6%
E.	1,983	85.4%	6.3%	91.6%
F.	1,978	78.4%	6.3%	84.7%
G.	43,555	79.9%	1.3%	81.2%
H.	122,593	67.5%	0.0%	67.5%
I.	409,275	79.2%	0.0%	79.2%
J.	19,406	64.6%	2.0%	66.6%
K.	26,217	71.4%	1.6%	73.0%
L.	Unavailable	Unavailable	Unavailable	Unavailable
M.	2,841	109.2%	5.0%	114.2%
N.	7,540	60.3%	3.1%	63.4%
O.	2,915	100.6%	5.0%	105.6%
P.	1,246	59.7%	7.8%	67.5%
Q.	2,244	75.3%	5.7%	81.1%
R.	76,722	62.0%	0.0%	62.0%
S.	3,632	54.1%	4.5%	58.6%
T.	7,487	59.3%	3.2%	62.5%
U.	Unavailable	Unavailable	Unavailable	Unavailable

We appreciate the FOIR's cooperation in working together on this request. Please feel free to contact the Office of Oversight by email at [MLRQuestions@hhs.gov](mailto:MLRQuestions@hhs.gov) or by phone at (301) 492-4457 if you have any questions or concerns.

Sincerely,



Gary M. Cohen  
Acting Director, Office of Oversight  
Center for Consumer Information  
and Insurance Oversight