



Dipattamenton Kontribusion yan Adu'ana

DEPARTMENT OF

REVENUE AND TAXATION

GOVERNMENT OF GUAM

Gubetnamenton Guahan

EDDIE BAZA CALVO, Governor / Maga'láhl
RAY TENORIO, Lt. Governor / Tiñente Gubetnadot

JOHN P. CAMACHO, Director
Direktot
MARIE M. BENITO, Deputy Director
Sigundo Direktot

June 14, 2011

Gary Cohen
Acting Director
Office of Oversight
Department of Health & Human Services
Centers for Medicare and Medicaid Services
7500 Security Boulevard, Mail Stop C2-21-15
Baltimore, Maryland 21244-1850

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

Dear Mr. Cohen:

Thank you for reviewing Guam's Request for Adjustment to Medical Loss Ratio Standard. In response to your questions, our office answers as follows:

1. As required by 45 CFR §158.321(d)(1), please provide for 2010 the number of individual enrollees by product for each issuer who offered coverage in the Guam individual health insurance market that year. Please also provide, for each such issuer, available individual premium data by product and individual health insurance market share within Guam for that year. In addition, please provide a copy of the 2010 Supplemental Health Care Exhibit ("SHCE") that each issuer who offers coverage in the Guam individual health insurance market filed with the National Association of Insurance Commissioners ("NAIC").

Please see 2010 Table of Number of Individual Enrollees for each issuer:

Insurer	Number of Individuals	Premium
Island Home Insurance Co	272	565,614
Takecare Insurance Co	85	194,867

A copy of the 2010 Supplemental Health Care Exhibit for each issuer who offers coverage in the Guam Health Insurance Market is submitted with this response.

2. For each issuer providing coverage to more than 1,000 enrollees in the Guam individual health insurance market in 2010, please provide, as required by 45 CFR §158.321(d)(2)(iii) – (vii), the issuer's:

None of the issuers in the Guam individual health insurance market reported more than 1,000 enrollees in each of their 2010 Supplemental Health Care Exhibit filing. Tokio Marine Pacific Insurance Ltd. filed the company's SHCE on April 1, 2010. The other three (3) insurers filed after being reminded to do the filing requirement.

3. Please provide in Excel spreadsheet format the information required by 45 CFR §158.321(d), as specified in the CCIO Guidance issued on December 17, 2010, regarding the process by which a State must submit its MLR adjustment request. This guidance is posted on the CCIO website at http://ccio.cms.gov/resources/files/12-17-2010ccio_2010-2a_guidance.pdf.

Guam does not have a statute that definitely defines the MLR standard to be applied either in the individual, small group employer or large group employer.

Guam does not have state market withdrawal requirements that specifically states the process to be complied with. However, most policies contain a provision that a thirty (30) day notice must be given to each policyholder or to the employer in the event of a nonrenewal of a health insurance policy.

Guam does not have a state mechanism to provide options to consumers, including guaranteed issue requirement, limits on health status rating, an issuer of last resort or state-operated high risk pool, in the event an issuer withdraws from the individual market.

Our office is informed that both Island Home Insurance Company and Takecare Insurance Company issue only one type of individual policy.

As shown in our answers to #1 and #2 questions each issuer in the Guam individual market do not have more than 1,000 enrollees. Our office did not provide additional information on MLR as required by 45 CFR §158.321(d) and as specified by CCIO Guidance on December 17, 2010 because there were less than 1,000 enrollees for each issuer in the Guam individual market.

4. Title 45 CFR §158.322(c) requires an estimate of the rebates that would be paid for MLR reporting years 2011, 2012, and 2013 if issuers offering coverage in the individual market in Guam must meet an 80 percent MLR standard in each of those years. Page 4 of the Department's application states that the Department is unable to submit an estimate of rebates under the 80 percent MLR standard for the individual market. Please assemble such a submission by requesting each issuer that provides coverage to more than 1,000 enrollees in the Guam individual health insurance market to provide that issuer's estimate to the Department immediately. If an issuer fails to comply, please use the Department's best estimate for that issuer based upon the information appearing upon the Annual Statements, SHCEs, and other reports the issuer must file with the NAIC.

As shown in our answers to #1 and #2 questions each issuer in the Guam individual market do not have more than 1,000 enrollees. An estimate of the rebates that would be paid if the issuers offering the coverage in the individual market in Guam must meet the 80 percent MLR as required by 45 CFR §158.322© for the applicable reporting years is

not credible because there were less than 1,000 enrollees for each issuer in the Guam individual market.

5. Please provide, as 45 CFR §158.322(d) requires, an estimate of the rebates that would be paid for MLR reporting years 2011, 2012, and 2013 if issuers offering coverage in the individual market in Guam must meet the 65 percent MLR that the Department proposes for each of those years. If the Department is currently unable to make that estimate, please request that each issuer that provides coverage to more than 1,000 enrollees in the Guam individual health insurance market submit that issuer's estimate to the Department immediately. If an issuer fails to comply, please submit the Department's best estimate for that issuer using information appearing upon the annual statements, SHCEs, and other reports the issuer must file with the NAIC.

. . An estimate of the rebates that would be paid if the issuers offering the coverage in the individual market in Guam must meet the adjusted 65 percent MLR as required by 45 CFR §158.322(d) for the applicable reporting years is not credible because there were less than 1,000 enrollees for each issuer in the Guam individual market.

Sincerely,



ARTEMIO B. ILAGAN

Acting Banking and Insurance Commissioner

Guam Individual Market Preliminary Medical Loss Ratio

Insurer	Net Health Premiums Earned	Net Incurred Claims	Preliminary Medical Loss Ratio
Island Home Ins Co	565,561	228,470	40.4%
Takecare Ins Co	194,681	184,471	94.8%
Total	760,242	412,941	54.3%