



## The Ezekiel Project

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Submitted electronically

October 24, 2011

Secretary Kathleen Sebelius  
Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Secretary Sebelius:

On behalf of Michigan Consumers for Healthcare Advancement (MCHA), a statewide coalition dedicated to meaningful implementation of the Patient-Protection and Affordable Care Act (PPACA) from a consumer perspective, I urge you to deny Michigan Insurance Commissioner R. Kevin Clinton's request for a 3-year phase-in waiver to the Medical Loss Ratio (MLR) for the individual insurance market in Michigan.

As you are aware, the MLR is designed as one of the few cost control—or value added—provisions of the PPACA that will affect all healthcare consumers. In its press release regarding the new regulations HHS wrote:

“In 2011, the new rules will protect up to 74.8 million insured Americans and estimates indicate that up to 9 million Americans could be eligible for rebates starting in 2012 worth up to \$1.4 billion. Average rebates per person could total \$164 in the individual market.”

We view Commissioner Clinton's waiver application as the product of predictable posturing by some commercial carriers within the Michigan insurer community that do not want to accept that business-as-usual will no longer be accepted in a post-healthcare reform America. The application also unfairly singles out the individual market (less than 10 percent of the overall market in 2009), thereby paving the way for full rebates to Michigan businesses in the small and large group markets, while denying the same to individuals consumers. Granting this unwarranted waiver would eliminate an essential PPACA cost control measure as well as deny Michigan consumers more than \$53 million in individual rebates at a time when our state's population is already suffering under significant economic distress.

It is well established that the number of uninsured is a direct result of the price of insurance. Permitting a waiver sends a clear signal to Michigan carriers that it is allowable to have a MLR below 80%. This will inevitably lead to higher premiums in our state over the next three years and more uninsured citizens. It is our position, therefore, that **granting such a waiver will have a destabilizing impact on Michigan insurance market** and should be avoided at all cost.

In Michigan, Blue Cross Blue Shield, Health Alliance Plan and our state's 26 HMO's are already in full compliance with MLR requirements and therefore will not stop writing individual consumer policies regardless of your decision on Commissioner Clinton's waiver application. As PPACA establishes a uniform 80% MLR for all states, Michigan's commercial carriers would likewise have no competitive or financial incentive to leave our state's insurance market for greener pastures elsewhere. It is only if HHS begins granting state waivers that an uneven playing field can be established and commercial carriers will be able to play one state against another.

In summary, the waiver application submitted by Commissioner Clinton will eliminate an essential PPACA cost control measure, deny Michigan consumers more than \$53 million in rebates, inevitably lead to higher premiums and more uninsured citizens and begin to create an uneven playing field that will allow commercial carriers to play one state off another. For these reasons and others, I strongly urge you to deny the application.

Please let me know if our Coalition partners or I can be of any further assistance to you on this matter.

Blessings,

*Grady Holmes, Jr.*

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Lead Organizer

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