



Michigan League FOR Human Services

September 27, 2011

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

Dear Secretary Sebelius:

On behalf of Michigan League for Human Services, a statewide network of more than 1,500 organizations and individuals, I am writing to 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 market in Michigan.

As you are aware, the MLR is designed as one of the few cost control provisions of the ACA 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."

Implementation of this regulation will help to ensure that consumers and small businesses receive good value for their premium dollars. To approve this waiver for Michigan would be a major step backward and would deny intended rebates to individual consumers who continue to struggle with Michigan's protracted economic downturn. Permitting a waiver sends a clear signal to Michigan carriers that it is allowable to have a MLR below 80%. We also question the value to consumers of policies in which the MLR is only 45 to 65 percent, the range for many of these companies.

While the companies that do not currently meet the 80 percent MLR represent about one-third of the individual market, one carrier represents about one-third of that total. The remaining companies have a market share of one percent or less. Blue Cross Blue Shield and its subsidiaries as well as many of the state's HMO's are already in full compliance with MLR requirements and therefore will continue writing individual policies. We do not believe implementation of the MLR requirement will destabilize the individual market in Michigan.

We believe uniform enforcement of this regulation is key to providing a level playing field for all carriers and ensuring value for consumers. We, therefore, urge you to deny Commissioner Clinton's request to phase-in the MLR requirement for the individual market.

Warmest regards,

A handwritten signature in black ink that reads "Gilda Z. Jacobs".

Gilda Z. Jacobs
President and CEO

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