

# ProtectYourCare

## Submitted electronically

October 26, 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 Protect Your Care, an organization dedicated to the implementation of the 2010 Affordable Care Act (ACA), I write in opposition to Commissioner Clinton's request for a three year phase in wavier to the Medical Loss Ratio (MLR) for the individual insurance market in Michigan.

As you know the Affordable Care Act requires insurance carriers to spend only 20 cents on a dollar for administrative costs and the remaining 80 cents on a dollar must be spent on patient care or rebated back to the consumer. Commissioner Clinton's request would allow Michigan commercial insurance carriers to instead keep 35 cents for administrative costs in 2012, 30 cents in 2013 and 25 cents in 2014.

This means that Michigan consumers purchasing healthcare policies on the individual market from for-profit companies like Aetna and Humana will lose out on an estimated \$25 million in rebate checks on 2012, \$18.4 million in 2013 and \$10.7 million in 2014.

It is our firm belief that this wavier must be denied. Health insurance rates have gone up dramatically in Michigan over the last several years so we need the cost control measure that the ACA provides with the 20/80 Medical Loss Ratio rule. Weakening this rule will undermine an essential component of the ACA and will undermine public support for this Act.

It is inappropriate for the individual market to obtain a wavier when the small and large group markets will comply with the new MLR standard. And even though some companies in the individual market are below the 20/80 rule, the ACA was intended to push insurance companies to change their ways of doing business so they can be more efficient and thereby bring the cost of insurance down for individuals and business.

The individual market is going to expand substantially in the years ahead especially when the mandate takes effect in 2014. It's important that commercial carriers comply with the law now so they are in a better position to compete for the expected increase in the number of individuals buying health insurance.

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*Protect Your Care is a 501(c)4 organization that will advocate in support of the Affordable Care Act and hold accountable those who seek to take those benefits away by repealing or defunding the law.*

The argument that insurance carriers might leave the Michigan market if a waiver is not granted, I believe is in empty threat. The 20/80 MLR rule applies to all 50 states, thereby creating a level playing field everywhere so there is no point in pulling out of Michigan. But even more important is that with over 1 million uninsured people currently in Michigan, it would not make good business sense to leave the Michigan market when the market is going to substantially expand for individuals buying health insurance.

In summary, the waiver application submitted by Commissioner Clinton undermines an essential cost containment measure of the Affordable Care Act. It will also deny Michigan individuals and families approximately \$53 million dollars in rebates, which would frankly help families make ends meet during this economic recession. In order for health care reform to work we need all participants, including the insurance industry, to change the way we operate so we can bring down the cost of health care and at the same time expand coverage. It seems entirely appropriate and fair that if consumers will be required to buy insurance from insurance companies in the individual market beginning in 2014, that commercial carriers change the way they do business so the cost of health care is reduced which is exactly what the 20/80 MLR rule will do.

For these reasons, I strongly urge you to deny the application.

If I can ever be of further assistance please do not hesitate to contact me.

Very truly yours,

*John Freeman --signature*

John Freeman  
Michigan Director  
Protect Your Care

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