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# NorthWest Initiative

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**Submitted electronically: Michigan**  
October 26, 2011

Dear Secretary Sebelius:

I am writing on behalf of NorthWest Lansing Healthy Communities Initiative (NorthWest Initiative). NorthWest Initiative is a nonprofit, nonpartisan community development organization. Our mission is to develop healthy, vibrant communities in northwest Lansing, Michigan and we do so by delivering range of services and advocating for the low income populations we serve.

I am writing to urge you to deny Michigan Insurance Commissioner R. Kevin Clinton's request for a three-year phase in waiver to the Medical Loss Ratio (MLR) for the individual insurance markets in Michigan.

The MLR is one of the few cost control provisions of the Patient Protection and Affordable Care Act that affects all health care consumers. Additionally, according to HHS, "In 2011, the new rules will protect up to 74.8 million insured Americans and estimates indicate that up to nine 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."

NorthWest Initiative serves low income populations. We see many individuals with families who cannot afford to buy health insurance and are forced to choose between paying for rent, heat, food and medical care or prescribed medication. Low income wage earners often ration care of chronic illnesses or delay treatment due to cost. Organizations like ours see many newly homeless or chronically unemployed bread winners who have lost their lost jobs and homes because they could not afford preventative or prescribed medical care. The cost control aspect of the MLR is critically important. If the waiver is approved, we will see even more people shut out of affordable health care, with severe economic and social consequences for us all.

In addition, the loss of the rebate would also disproportionately affect low-income workers. The average \$164 rebate referenced by HHS would help keep the heat on in a cold winter month, prevent a phone shut off, buy more than a week's groceries for a family of four, or help with a mortgage payment. The rebate could mean the difference between a household crisis and stability for these health insurance consumers. They – and we all – have a great deal to lose if Commissioner Clinton's waiver application is approved.

More

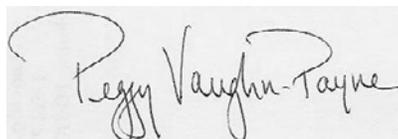
In addition to the waiver's impact on vulnerable health care consumers, we find the following consequences of the waiver to be unacceptable:

- 1) The waiver application unfairly singles out the individual market, paving the way for full rebates to Michigan businesses in the small and large group markets, while denying the same to individual consumers. This will inevitably lead to higher premiums over the next three years and more uninsured citizens.
- 2) Thus, granting such a waiver will have a destabilizing impact on the Michigan insurance market.
- 3) If the HHS starts granting state waivers, it will create an uneven playing field, with commercial carriers playing one state against the other in a race to the bottom for consumers. That will certainly create an open door for carriers to move out of state – prevented right now by the uniform application of the current MLR to all states.

Again, we urge you to deny Commissioner Clinton's waiver request. In summary, the waiver, if granted, would eliminate an essential cost control measure; deny Michigan citizens more than \$53 million in rebates, citizens who are often in real economic need; and create an uneven playing field that will allow commercial carriers to play one state off against another.

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

Sincerely,



Peggy Vaughn Payne  
Executive Director



Laura M. Sager  
Outreach Manager