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Submitted electronically

October 27, 2011

Secretary Kathleen Sebelius
U.S. Department of Health and Human Services
200 Independent Avenue, S.W.
Washington, D.C. 20201
RE: Michigan OFIR Request for Adjustment of the Individual Market Medical Loss Ratio

Dear Secretary Sebelius,

On behalf of Urban Neighborhood Initiatives, I write to strongly urge you to deny the Michigan Office of Financial and Insurance Regulation (OFIR) waiver application for a downward adjustment of the 80% Medical Loss Ratio (MLR) for the state's individual insurance market. If adopted, the OFIR waiver will negatively impact health insurance in our state by inflating premium costs (thereby leaving more citizens uninsured), undermining an essential cost-control within the Affordable Care Act (ACA), encouraging continued wasteful behavior within the commercial insurance industry, creating an uneven playing field between states, and denying Michigan consumers more than \$53 million in rebates entitled to them under the law.

In its application, the state fails to make a compelling case that consumers will lack for sufficient insurance options if a waiver is not granted. The planned departure of two minor carriers within the state is unrelated to the ACA and is indicative of a normal, competitive marketplace. With the 80 cent on the dollar MLR standard in place nationwide, there is likewise no credible threat that commercial carriers in Michigan will be leaving our state for greener pastures elsewhere. The same rules now apply everywhere, assuming HHS does not begin to grant such unwarranted waivers and thereby establish an opportunity for insurance carriers to play one state off another.

The intent of the ACA was to restructure the insurance market by making healthcare more accessible and affordable for consumers and to rein in wasteful practices in the private insurance market. World Insurance, for example, has only 6,000 policyholders in Michigan and keeps more than 54 cents on the dollar for profit-taking and administrative costs. The company spends roughly 27 cents out of every premium dollar on broker's fees alone (far more than any other carrier in the state) making it arguably the most wasteful insurer in Michigan. Should our state's long-suffering consumers be denied \$53 million in projected rebates simply so uncompetitive companies like World Insurance may continue on temporarily with what is clearly an unsustainable business model?

The waiver application submitted by the state of Michigan is the product of entirely predictable posturing by a handful of commercial insurance carriers who don't want to accept that business-as-usual will no longer be acceptable in a post-healthcare reform America. I encourage you to deny this waiver so that these companies will begin in earnest developing new business models that reflect the new law and that put healthcare delivery for the consumer first and foremost.

Sincerely,

Dennis Nordmoe, Ph.D.

Executive Director

Website: www.unidetroit.org; Facebook: www.facebook.com/uni.detroit

Celebrating fourteen years of building vital neighborhoods.

UNI is a Michigan Nonprofit Corporation. We have 501 c(3) status with the U.S. Internal Revenue Service. Our previous business name was "Neighborhood Centers Incorporated." We developed and operate "All Saints Neighborhood Center."