

GOVERNOR
MARY FALLIN



INSURANCE COMMISSIONER
JOHN D. DOAK

OKLAHOMA INSURANCE DEPARTMENT
STATE OF OKLAHOMA

August 30, 2011

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

Re: Request for Adjustment to the Medical Loss Ratio (MLR) for the State of Oklahoma

Dear Secretary Sebelius:

Enclosed you will find my state's request for an adjustment to the minimum Medical Loss Ratio (MLR) for individual health insurance policies issued in Oklahoma until 2014, in accordance with 45 CFR Part 158. We make this request with full disclosure that Oklahoma has filed a lawsuit challenging the constitutionality of the Affordable Care Act. While we await the opportunity to present our case in court, it is my duty as Commissioner to safeguard the viability of the Oklahoma insurance market and the interests of its consumers. A waiver to the MLR requirement is necessary to accomplish this protection.

A number of small carriers operate in the Oklahoma market. Consideration of their requests for a phase-in period, a careful review of all carrier responses to an OID questionnaire, and input from the producer community, show that immediate implementation of the MLR requirement will disrupt the individual health insurance market in Oklahoma. As such, we request a gradual transition over the next three years to allow smaller carriers the necessary time to modify current business models in order to compete with the larger carriers in the state. For this reason, Oklahoma requests to implement the MLR with a requirement of 65 percent for 2011, 70 percent for 2012 and 75 percent for 2013. This transition would give those carriers servicing the rural counties in Oklahoma needed time to adjust their distribution and administrative expense programs. More generally, a transitional period would maintain the stability of Oklahoma's individual health insurance market and give carriers, and the consumers that purchase coverage from them, the certainty and peace of mind that access is available.

Thank you for your attention to this matter and I look forward to your approval of this request.

Sincerely,

A handwritten signature in black ink that reads "John D. Doak". The signature is written in a cursive, flowing style.

John D. Doak
Oklahoma Insurance Commissioner

Cc: Gov. Mary Fallin
Attachments