

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

June 6, 2011

Gary Cohen
Acting Director, Office of Oversight CMS
Department of Health and Human Services
7500 Security Boulevard Mail Stop C2-21-15
Baltimore, MD 21244-1850

RE: Delaware's Request for Adjustment to Medical Loss Ratio Standard
Your letter of May 26, 2011

Dear Mr. Cohen:

The responses to the request for additional information about the application for adjustment to the Medical Loss Ratio for Delaware's individual market are below.

1. As required by 45 CFR§158.321(d)(1), please provide for 2010 the number of individual enrollees by product for each issuer who offered coverage in the Delaware individual health insurance market that year. Please also provide, for each such issuer, available individual premium data by product and the individual health insurance market share in Delaware for that year. In addition, please provide a copy of the 2010 Supplemental Health Care Exhibit ("SHCE") that each issuer who offers coverage in the Delaware individual health insurance market filed with the National Association of Insurance Commissioners ("NAIC").

See Exhibit I.

2. For each issuer providing coverage to more than 1,000 enrollees in the Delaware individual health insurance market, please provide, as required by 45 CFR§158.321(d)(2)(i) – (viii) issuers:
 - a. total premium earned on individual market
 - b. reported MLR pursuant to DE law for the individual market
 - c. estimated MLR ad determined in accordance with 45 CFR§158,221.
 - d. total agents and brokers commission expenses on individual health insurance product
 - e. estimated rebate for the individual market business in Delaware
 - f. net underwriting profit and profit margin
 - h. risk based capital lever

Please see Exhibit II for the above information.

3. For each issuer providing coverage to more than 1,000 enrollees in the Delaware individual health insurance market, please state, as required by 45 CFR§158.321(d)(2)(ix), whether the issuer has provided notice of exit to the DDI.

BCBS, Aetna and Golden Rule have not provided notice of exit to the DDI.

4. As 45 CFR§158.322(c) requires, for each issuer providing coverage to more than 1,000 enrollees in the Delaware individual health insurance market, please provide separately for reporting years 2011, 2012, and 2013, an estimate of the rebates that would be paid if an 80 percent MLR standard were applicable to the individual market in Delaware that year. If the DDI is unable to make this estimate, please request each such issuer to provide these estimates immediately to the DDI. If an issuer does not provide the DDI with this information, please provide separately for each of those years the DDI's estimation of the issuer's rebates for those years based upon the information in the Annual Statements, SHCEs, and other forms the issuer must file with the NAIC.

Please see exhibit II for information concerning rebates that would be paid the an 80 percent MLR standard were applicable to the individual market.

If the DDI's requested phase in MLR standards were in place, we estimate that BCBS, Aetna, Golden Rule would not be required to pay rebates for 2011, 2012, 2013.

Please contact me if there are any questions.

Sincerely,

Linda Nemes

Manager Consumer Protection and Enforcement

Telephone: 302-674-7373

Fax: 302-739-5280

Email: linda.nemes@state.de.us

