



National Association of Health Underwriters

America's Benefits Specialists

July 15, 2011

The Honorable Steve Larsen
Deputy Administrator and Director
Center for Consumer Information and Oversight
Department of Health and Human Services
7500 Security Boulevard, Mail Stop C2-21-15
Baltimore MD 21244-1850

Sent via electronic submission to MLRAdjustments@hhs.gov

Dear Deputy Administrator Larsen:

I'm writing on behalf of the National Association of Health Underwriters and our members in Delaware to express our strong support for the State of Delaware's application for a Medical Loss Ratio (MLR) adjustment submitted by Insurance Commissioner Karen Weldin Stewart.

NAHU is the leading professional trade association for health insurance agents, brokers and consultants, representing more than 100,000 benefit specialists nationally. NAHU members work on a daily basis to help individuals, families and employers of all sizes purchase health insurance coverage. They help their clients use their coverage effectively and make sure they get the most out of the policies they have purchased. Significantly, about three quarters of the members of NAHU are principals in their own small businesses and employ multiple individuals from their communities.

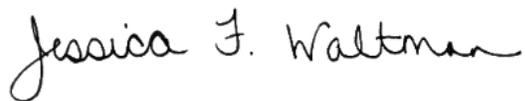
The MLR requirements stipulated by the Patient Protection and Affordable Care Act (PPACA) and the resulting interim final regulation promulgated by your office as it stands are adversely impacting health insurance market competition in Delaware. We also know that they are harming the health insurance producer community and the services that agents and brokers provide to consumers. We concur with Commissioner Weldin Stewart's concern that the MLR requirements, as they stand, will put undue pressure on at least two of the three major insurers serving Delaware's individual market consumers. We believe that it is a very real possibility that unless relief is provided these carriers may cease marketing individual products in the state. In addition, the requirements are creating a strong disincentive for any other insurers to enter the marketplace.

Furthermore, under the federal MLR rule, producer compensation associated with the sale of insurance products is to be included in the administrative portion of the MLR equation. As currently written, the regulation is likely to diminish the role of agents and reduce the number of agents able to sell and service health insurance policies in the individual and small-group markets. In order to meet the 80 and 85 percent MLR requirement for the individual and small group market, insurance carriers have decided to change the commission's structure in Delaware. The individual insurers in the state have already instituted significant commission cuts for health insurance agents and brokers. As a result, without an adjustment many Delaware agents will not be able to continue to assist Delaware consumers with both the purchase of their insurance coverage and also with their health insurance service needs throughout the lifetime of their coverage policy.

We fully support Delaware's MLR adjustment application. The State has requested an adjustment in the individual market to implement an MLR with a three year transitional period with an initial percentage adjust the MLR standard to 65 percent, 70 percent, and 75 percent in 2011, 2012, and 2013, respectively, reaching 80% by 2014. The approval of this application will to quote Commissioner Weldin Stewart, "allow the time needed for agents to revise their own personal business models and continue to provide services to the consumers of Delaware."

Thank you for your time and thorough consideration of the State of Delaware's MLR adjustment application. If you have any further questions, please feel free to contact me at (703) 276-3817 or jwaltman@nahu.org.

Sincerely,

A handwritten signature in black ink that reads "Jessica F. Waltman". The signature is written in a cursive, flowing style.

Jessica F. Waltman
Senior Vice President of Government Affairs