



200 Independence Avenue SW
Washington, DC 20201

July 1, 2011

By Email and Regular Mail

Trey Sivley, Esq.
Assistant Director
Regulatory Services Division
Georgia Office of Insurance and Safety Fire Commissioner
Two Martin Luther King, Jr. Drive
Suite 602, West Tower
Atlanta, GA 30334

Re: Georgia's Request for Adjustment to Medical Loss Ratio Standard

Dear Mr. Sivley:

Thank you for the additional information provided in the Georgia Department of Insurance's ("Department's") May 18, 2011 letter. This letter was sent in response to the Center for Consumer Information and Insurance Oversight's ("CCIIO's") April 18, 2011 letter, which requested information necessary to complete Georgia's application for an adjustment to the MLR standard in Georgia's individual health insurance market.

We have reviewed the information provided to us in this recent correspondence, and request further information regarding the items listed below. This information will aid the Secretary in her assessment of the application. We would appreciate receiving the Department's responses within seven (7) calendar days from the date of this letter. The responses should be submitted to MLRAdjustments@hhs.gov.

The items for which we request further information are:

1. Based on our analysis, there appear to be five additional issuers in the Georgia individual market that are at least partially credible and may be subject to rebates, but were not included in the information submitted with the Department's May 18 letter. These issuers are: BCBS Healthcare Plan of Georgia (which is distinct from BCBS of Georgia); American General Life & Accident Insurance Co.; New York Life Insurance Co.; Metropolitan Life Insurance Co.; and Freedom Life Insurance Co. Please provide the Supplemental Health Care Exhibits ("SHCEs") and estimated 2011-2013 rebates for each of these issuers which has at least 1,000 life-years in the Georgia individual market. In

the alternative, please confirm that the Department does not wish the Secretary to take these issuers' information into consideration in making a determination.

2. The table labeled "Exhibit – 5" in the Excel attachment to the Department's May 18 letter provides explanations for the difference between the rebate estimates shown in "Exhibit – 2" and "Exhibit – 3" only for issuers ## 3, 9, 11, 13, and 16. Please also explain the differences between the rebate estimates shown in "Exhibit – 2" and "Exhibit – 3" for issuers ## 4 and 5. For issuer # 4, "Exhibit – 2"'s rebate estimate is \$1.2 million, 2010 SHCE data suggests a rebate estimate of \$0.6 million, whereas "Exhibit – 3" rebate estimate is \$2.0 million. For issuer # 5, "Exhibit – 2" rebate estimate is \$0.4 million, 2010 SHCE data suggest a rebate estimate of \$1.9 million, whereas "Exhibit – 3" rebate estimate is \$0.9 million. Please provide explanations for these discrepancies.
3. Please also explain the differences between the rebate estimates shown in "Exhibit – 2" and "Exhibit – 3" for issuers ## 15 and 18. For issuers ## 15 and 18, "Exhibit – 3" rebate estimates appear to use 2010 data, whereas "Exhibit – 2" rebate estimates are based on 2009 data. Please confirm whether this is the reason for the discrepancy for issuers ## 15 and 18, or provide another explanation if that is not the case.
4. The table labeled "Exhibit – 5" in the Excel attachment to the Department's May 18 letter states that issuers ## 11 and 16 expect to have higher MLRs beginning in 2011 in part due to pricing changes. Please clarify whether these issuers intend to price their plans to meet an 80 percent MLR standard.
5. The document entitled "redacted commissions chart", which you provided on June 13, contains two columns of information that are not labeled. Please specify what information each column represents, e.g. if the columns represent two different years, please specify which years each represents.
6. Based on our assessment of select SHCE data provided in the table labeled "Exhibit – 6" in the Excel attachment to the Department's May 18 letter, we calculate 2010 market share (by enrollment) of the 19 issuers listed in the Department's application in the following table. Please ascertain whether you obtain the same results as those shown below. If you do not, please provide your calculation of market share by enrollment and a description of your methodology. If you would like us to consider any of the five issuers listed in item 1 above, please add the information for these issuers to the table.

**Georgia Individual Market
Issuers' 2010 Enrollees and Market Share By Enrollment**

Issuer	Enrollees	Market Share
1.	34,431	10.9%
2.	17,356	5.5%
3.	3,032	1.0%
4.	6,847	2.2%
5.	3,727	1.2%
6.	1,892	0.6%
7.	SHCE data not available: all business assumed by issuer #5 in 2010	SHCE data not available: all business assumed by issuer #5 in 2010
8.	2,984	0.9%
9.	2,571	0.8%
10.	3,011	1.0%
11.	18,446	5.9%
12.	860	0.3%
13.	139,524	44.3%
14.	23,387	7.4%
15.	35,566	11.3%
16.	17,389	5.5%
17.	1,119	0.4%
18.	2,158	0.7%
19.	600	0.2%
TOTAL	314,900	100.0%

7. Based on our assessment of select SHCE data provided in the table labeled “Exhibit – 6” in the Excel attachment to the Department’s May 18 letter, we calculate 2010 MLRs (using the Federal definition of MLR) for the 19 issuers listed in the Department’s application in the following table. Please ascertain, using the Federal MLR definition and the 2010 SHCE data, whether you obtain the same estimates as the CCIIO estimates shown below. If you do not, please provide your estimates and a description of your methodology. If you would like us to consider any of the five issuers listed in item 1 above, please add the information for these issuers to the table.

**Georgia Individual Market
Estimated 2010 Federal Medical Loss Ratios**

Issuer	Life Years	MLR Before Credibility Adjustment	Credibility Adjustment	MLR After Credibility Adjustment
1.	33,147	67.8%	1.5%	69.2%
2.	18,465	66.7%	2.0%	68.7%
3.	3,588	51.5%	4.5%	56.0%
4.	6,440	70.4%	3.4%	73.8%
5.	3,448	51.6%	4.6%	56.2%
6.	2,059	60.4%	6.1%	66.5%
7.	SHCE data not available: all business assumed by issuer #5 in 2010	Not applicable	Not applicable	Not applicable
8.	2,834	81.2%	5.0%	86.2%
9.	3,067	51.8%	4.9%	56.7%
10.	2,221	77.7%	5.8%	83.5%
11.	19,900	66.0%	1.9%	67.9%
12.	785	76.8%	Not applicable	76.8%
13.	154,100	80.9%	0.0%	80.9%
14.	27,956	117.8%	1.6%	119.3%
15.	33,301	61.7%	1.5%	63.2%
16.	15,502	51.6%	2.2%	53.8%
17.	879	61.2%	Not applicable	61.2%
18.	1,966	61.4%	6.3%	67.7%
19.	698	30.5%	Not applicable	30.5%

We appreciate the Department's cooperation in working together on this request. Please feel free to contact the Office of Oversight by email at MLRQuestions@hhs.gov or by phone at (301) 492-4457 if you have any questions or concerns.

Sincerely,

/Signed, GC, July 1, 2011/

Gary M. Cohen
Acting Director, Office of Oversight
Center for Consumer Information
and Insurance Oversight