



September 09, 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 ("Department")'s May 18, 2011 letter to the Center for Consumer Information and Insurance Oversight ("CCIIO"). This letter was sent in response to the Center for Consumer Information and Insurance Oversight's ("CCIIO")'s April 4 and 18, 2011 letters, which requested information necessary to complete Georgia's application for an adjustment to the MLR standard in Georgia's individual health insurance market, and clarifications regarding the information submitted with Georgia's initial application. We also thank you for the supplemental information provided in the Department's July 15, 21, and 28, 2011 letters. These letters were sent in response to CCIIO's July 1, 2011 letter, which requested additional information and clarifications regarding the information Georgia submitted on May 18, 2011.

As of the date of this letter, we deem Georgia's application complete. We will make a decision regarding Georgia's application within 30 days. The Secretary may, in her discretion, extend the 30 day review period for as long a time as necessary not to exceed an additional 30 days. Should the application review period be extended, we will alert you as soon as practicable.

While we are deeming the application complete, we have reviewed the information Georgia provided in its recent letters, and request further information regarding the item listed below. This information will facilitate the Secretary's determination of the application. We would appreciate receiving Georgia's responses within seven (7) calendar days from the date of this letter. The responses should be submitted to MLRAdjustments@hhs.gov.

The item for which we request further information is:

1. According to the SHCE data and additional information provided by the Department in its July letters, issuer 17 was non-credible in 2010 because it had only 879 life-years in the Georgia individual market. If issuer 17 were to accumulate at least 1,000 life-years in

2011 and consequently become partially credible and subject to rebate provisions, issuer 17 would likely receive a credibility adjustment of up to 8.3%, which would give it an MLR close to 70%. Thus, based on 2010 SHCE data, issuer 17 could be expected to owe rebates of approximately \$200,000. However, according to the chart labeled “Exhibit – 3” of the Excel attachment to the Department’s July 15 letter, issuer 17 expects to pay \$714,912 in rebates in 2011. Please explain why issuer 17’s 2011 rebate estimate significantly exceeds the estimate suggested by the 2010 SHCE data, including whether issuer 17 is active and has a growing block of business.

Once again, we appreciate Georgia’s cooperation in working together to implement the Patient Protection and Affordable Care Act. 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, September 9, 2011/

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