

April 19, 2011

By Email and Regular Mail

Angela Burke Boston
Assistant Commissioner
Iowa Insurance Division
330 Maple Street
Des Moines, IA 50319-0065

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

Dear Assistant Commissioner Boston:

On April 19, 2011, the Center for Consumer Information and Insurance Oversight ("CCIIO") emailed you a letter regarding information the Iowa Insurance Division ("IID") must submit in order to complete its application for an adjustment to the medical loss ratio ("MLR") standard for the Iowa individual health insurance market. Although the IID has not yet finalized its application, CCIIO has, in the interest of expediting the process, performed a preliminary review of the information the IID has already submitted.

Based upon that review, we have some follow-up questions regarding the information the IID has already submitted with its application, dated March 21, 2011. These questions are distinct from the information that our separate April 19 letter indicates the IID must submit before its application is deemed complete. Application completeness, and hence commencement of CCIIO's 30-day application processing period, will not be impacted by the timing of the IID's response to the follow-up questions listed below. Nevertheless, prompt responses to the questions in this letter will greatly assist the Secretary in making a prompt determination as to whether to grant the IID's request for an adjustment to the MLR standard for the Iowa individual market. We would consequently appreciate receiving the IID's responses within seven (7) calendar days from the date of this letter. The responses should be submitted to MLRAdjustments@hhs.gov. Please understand that after receiving IID's complete application we may have some additional questions.

Please provide the following information:

1. Title 45 CFR §158.343 provides that any State that submits a request for adjustment for the MLR standard may hold a public hearing with respect to its application. Please indicate whether the IID has provided a forum for public input regarding its application

for an adjustment to the MLR standard. If there has been public input, please provide copies of the correspondence, comments, or other input the IID has received in connection with its request for an adjustment to the MLR standard.

2. Please provide any analysis the IID has done regarding the ability of issuers to meet an 80 percent MLR standard or to provide rebates to enrollees.
3. The transmittal letter states that “Iowa has a number of smaller carriers which need time to adjust their business models to comply with the minimum loss ratio.” Please state the names of each of those issuers.
4. Page 1 of the IID’s application states, in response to the requirement (45 CFR §158.321(a)) that Iowa describe its current MLR standard in the individual market, that “Iowa Administrative Code 191-36.10 prescribes a loss ratio of 55 to 60 percent.” As we read Iowa Administrative Code 191-36.10, a 55 percent loss ratio applies to certain types of policies and a 60 percent loss ratio applies to other types of policies. Please identify the type of policies to which the 55 percent loss ratio applies and to which the 60 percent loss ratio applies.
5. The IID states on Page 3 of its application: “Carriers have already entered into binding, multi-year agent commission agreements and provider contracts.” Please specify the issuers with binding, multi-year agent commission agreements and indicate the length and termination date of each binding agreement. Please also clarify the impact of multi-year provider contracts given the ability of issuers to adjust premium pricing or benefits offered to meet the MLR standard.
6. The IID indicates on Page 3 of its application that “the 80% MLR will have a crippling effect on [the smaller carriers’] business model.” Please specify the crippling effect the IID foresees on smaller carriers as a result of the implementation of the 80% Federal MLR standard.

We look forward to receiving the requested information so that the Secretary can make a fully informed assessment and determination. As noted above, this information is separate and apart from whether the IID’s application for an adjustment to the MLR in the Iowa individual market is complete.

We appreciate the IID’s cooperation in working together to implement the Affordable Care Act in the best interests of all stakeholders. 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, April 19, 2011/

Gary Cohen
Acting Director, Office of Oversight