



May 27, 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:

Thank you for providing additional information in the May 6, 2011 letters from the Iowa Insurance Division ("Division"), which were sent in response to the Center for Consumer Information and Insurance Oversight's ("CCIIO") April 19, 2011 letters. CCIIO's letters requested information necessary to complete the State of Iowa's application for an adjustment to the MLR standard, as well as follow up questions to information submitted in the original application.

We deem Iowa's application complete as of the date of this letter, and will make a decision regarding Iowa's application within 30 days from the date of this letter. 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 the Division provided in its recent letters, and request further information regarding the items listed below. This information will facilitate the Secretary's determination of the application. We would appreciate receiving the Division'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. Page 3 of the May 6 letter with responses necessary to complete Iowa’s application provides the number of enrollees, premium data, and share of the State individual market for seven issuers. Consolidated figures are provided for the remaining issuers in the Iowa individual market (labeled “Rest of market”). Please provide these data separately for any issuer with greater than 300 enrollees. In addition, please provide the 2010 Supplemental Health Care Exhibit (“SHCE”), submitted to the National Association of Insurance Commissioners (NAIC), of each issuer that offers coverage in the Iowa individual market.
2. Page 4 of the May 6 letter with responses necessary to complete Iowa’s application provides the “Preliminary PPACA MLR” for seven issuers. For each of these issuers, please indicate the assumptions used to calculate the “Preliminary PPACA MLR.”

Based on our assessment of select SHCE data, we calculate 2010 MLRs (using the Federal definition of MLR) for the same seven issuers in the following table. We have also included the “Preliminary PPACA MLR” estimates from the Division’s May 6 letter. It appears that the “Preliminary PPACA MLR” estimates in the Division’s May 6 letter do not account for credibility adjustments, which are included in the CCIIO estimates shown below. Based on the Division’s analyses of the SHCE data, please confirm or revise the CCIIO estimates shown below.

Company Name	2010 MLR Estimates	
	Iowa Estimates	CCIIO Estimates
American Family Mutual Ins Co	79.8%	87.1%
American Republic Insurance Co	40.2%	48.1%
Coventry Health Care of Iowa	57.7%	61.4%
Golden Rule Insurance Co	65.0%	68.0%
Reserve National Insurance Co	64.6%	SHCE not received
Time Insurance Company	71.0%	74.0%
Wellmark Inc	91.8%	91.8%

3. Page 2 of the Division’s May 6 letter with responses to the request for additional information states that the Division is unable to publicly disclose the names of small carriers which need time to adjust their business models to comply with the minimum loss ratio. Please state, without disclosing any carrier’s identity, how many of these small carriers which need time adjust their business models provide coverage to more than 1,000 enrollees in the Iowa individual health insurance market.
4. Page 2 of the Division’s May 6 letter with responses to the request for additional information states that the Division is unable to publicly disclose the names of carriers that have already entered into binding, multi-year agent commission agreements and provider contracts. Please state, without disclosing any carrier’s identity, how many of

the carriers with such multi-year agreements and contracts provide coverage to more than 1,000 enrollees in the Iowa individual health insurance market.

5. Page 2 of the Division's May 6 letter with responses to the request for additional information states that, without an adjustment to the MLR standard, some of the smaller but significant carriers will likely exit the marketplace. Please state, without disclosing any carrier's identity, how many of these carriers provide coverage to more than 1,000 enrollees in the Iowa individual health insurance market.

Once again, we appreciate Iowa's cooperation in working together to implement the 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, May 27, 2011/

Gary Cohen
Acting Director, Office of Oversight