<u>Template for Requesting Adjustment of Individual Market Medical Loss Ratio</u>

State:

If the Secretary determines that there is a reasonable likelihood that application of the 80% MLR to a state's individual market will destabilize the market, she may adjust the required MLR for the individual market for up to 3 reporting years. This adjustment must be requested by the state's insurance commissioner.

In requesting an MLR adjustment, the state must submit the following information to the Secretary, along with any additional information that would support its request. <u>If data are unavailable, or their collection is unduly burdensome, the state may notify the Secretary of that fact.</u>

Information regarding the State's individual health insurance market.

a) Current MLR standard in the individual market, including formula used to assess compliance: Louisiana does not have a statutorily mandated MLR standard in the individual market.

b) Market withdrawal requirements

Describe any requirements with respect to withdrawals from the individual health insurance market. Such requirements include, but are not limited to, any notice that must be provided and any authority the State regulator may have to approve a withdrawal plan or ensure that enrollees of the exiting issuer have continuing coverage, as well as any penalties or sanctions that may be levied upon exit or limitations on re-entry.

Louisiana Department of Insurance Directive 147 and LSA-R.S. 22:1074 et seq., describes all requirements with respect to withdrawals from the individual health insurance market as follows:

LSA-R.S. 1074(C)(2)(b) In the case of a discontinuation in the individual market under Subparagraph (a) of this Paragraph, any individual's policy or coverage that is not subject to renewal during the minimum 180 notice period shall remain in force until the termination date upon which the contracted period of coverage ends. Any individual's policy or coverage whose renewal date falls within the minimum 180 notice shall remain in force for 180 days from the date that the notice of discontinuation was issued. LSA-R.S. 1074(C) (2)(c) In the case of a discontinuation under Subparagraph (a) of this Paragraph in the individual market, the issuer may not provide for the issuance of any health insurance coverage in the market and state involved during the five-year period beginning on the date of the discontinuation of the last health insurance coverage not so renewed.

c) Mechanisms to provide options to consumers

Describe the mechanisms available to the State to provide consumers with options in the event an issuer withdraws from the individual market. Such mechanisms include, but are not limited to, a guaranteed issue requirement, limits on health status rating, an issuer of last resort, or a State-operated high-risk pool.

Mechanism	**Description**
Louisiana Health Plan	LSA-R.S. 22:1201 et seq., establishes a mechanism known as the Louisiana Health Plan (High Risk Pool) to insure the availability of health and accident coverage to those citizens of this state who, because of health conditions, cannot secure such coverage.

In describing each mechanism, include detail on the issuers participating in and products available under such mechanism, as well as any limitations with respect to eligibility, enrollment period, total enrollment, and coverage for pre-existing conditions.

Mechanism	Issuers Participating	Products Available	Limitations			
			Eligibility	Enrollment Period	Total Enrollment	Pre-existing Conditions
Louisiana Health Plan	109	The High Risk Pool consists of two products. One product is offered to individuals who cannot otherwise secure health and accident coverage (High Risk Pool), and the other is offered to individuals who have lost their employer coverage (HIPAA High Risk Pool).	The High Risk Pool has a six month eligibility requirement and the HIPAA High Risk Pool's eligibility requirement is based on the loss of employer coverage.	Both products' enrollment period is continuous and is guaranteed renewable with verification of eligibility.	As of 2010, total active enrollment for both pools were 1639 enrollees (617 for the High Risk Pool and 1022 for the HIPAA High Risk Pool).	The High Risk Pool imposes a six month pre-existing limitation and the HIPAA High Risk Pool's pre-existing limitation corresponds to all HIPAA requirements pursuant to LSA-R.S. 22:1062.

d) Issuers in the State's individual market

Aggregate total for all companies responsive to our data call is 179,267 enrollees and $479,589,168 in total premium for the individual market.

1) For each issuer who offers coverage in the individual market with ***more than 1,000 enrollees***, please provide the following additional information:
   i) Total earned premium on individual market health insurance products in the State;
   ii) Reported MLR pursuant to State law for the individual market business in the State;
   iii) Estimated MLR for the individual market business in the State, as determined in accordance with §158.221 of this part;
   iv) Total agents' and brokers' commission expenses on individual health insurance products;
   v) Estimated rebate for the individual market business in the State, as determined in accordance with §158.221 and §158.240 of this part;
   vi) Net underwriting profit for the individual market business and consolidated business in the State;
   vii) After-tax profit and profit margin for the individual market business and consolidated business in the State;
   viii) Risk-based capital level; and
   ix) Whether the issuer has provided notice of exit to the State's insurance commissioner, superintendent, or comparable State authority.

Issuer	i) Earned Premium*	ii) Reported MLR*	iii) Estimated PPACA MLR*	iv) Total commissions*	v) Estimated individual market rebate *	vi) Net underwriting profit*	vii) After-tax profit for individual market*	vii) After-tax profit margin for individual market*	viii) RBC level**	ix) Provided notice of exit?
2010 Largest Issuer	$375,852,284	82.5%	82.5%	$18,391,567	$0	$22,777,256	$22,754,879	6.10%	1026%	
2010 All Others	**$ 96,545,525**	**67.6%**	**67.7%**	**$ 5,843,296**	**$8,758,994**	**$11,104,207**	**$ 5,466,165**	**11.5%**	**622%**	
Total for 2010	$472,397,809	79.6%	80.3%	$24,234,863	$8,758,994	$33,881,463	$28,221,044	7.1%	953%	

*All information is in the aggregate based on available data from companies in response to our data call; however, it was necessary to distinguish between our largest issuer and all other issuer. Please note that some issuers did not respond to all categories.
**Weighted average of the individual company's RBC values.

NOTE: HHS/OCIIO may require the information in (d)(1) and (d)(2) to be filed in Excel.

Proposal for adjusted medical loss ratio
A State must provide its own proposal as to the adjustment it seeks to the MLR standard. This proposal must include:

(a) An explanation and justification of how the proposed adjustment to the MLR was determined; Data collected regarding the individual health insurance market indicates an aggregate loss ratio for 2010 of just under 79% in Louisiana's individual marketplace. If the largest issuer in our market is factored out of the data, the loss ratio for the remaining issuers drops to approximately 67%. Louisiana is therefore requesting an MLR adjustment as follows: 70% in 2011, 75% in 2012 and 80% in 2013.

(b) An explanation of how an adjustment to the MLR standard for the State's individual market will permit issuers to adjust current business models and practices in order to meet an 80 percent MLR as soon as is practicable. The adjustment would allow a transition period for necessary negotiations between issuers and producers relative to compensation arrangements. Additionally, this would permit the issuers to transition into the required MLR for 2014 and make any adjustments or changes to their business operations which would provide a smoother transition into the new health insurance market reforms. Issuers have expressed a concern about the payment of rebate dollars to their enrollees and its effect on their companies which could potentially cause their withdrawal from the market. An adjustment would allow a company to remain competitive in the market and continue to provide necessary accident and health coverage and choices for the consumer. It is our belief that phasing in an adjustment to the 80% MLR standard minimizes any unintended consequences, destabilization and/or disruption that may result in the marketplace.

(c) An estimate of the rebates that would be paid if the issuers offering coverage in the individual market in the State must meet an 80 percent MLR for the applicable MLR reporting years; and

Estimated aggregate rebate for all companies responsive to our data call is $8,758,994 for 2010.

(d) An estimate of the rebates that would be paid if the issuers offering coverage in the individual market in the State must meet the adjusted MLR proposed by the State for the applicable MLR reporting years.

Estimate aggregate rebate for all companies responsive to our data call using the proposed adjusted MLR is as follow:

2011 is $ 2,216,000 (based on a 70% MLR requirement)
2012 is $ 5,272,000 (based on a 75% MLR requirement)
2013 is $ 10,380,000 (based on a 80% MLR requirement)
2014 is $17,651,000

State contact information.

Please provide contact information for the person the HHS may contact regarding the request for an adjustment to the MLR standard.

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Additional Information: *If a state holds a public hearing, the report from that hearing should be attached to the request.*