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November 8, 2010

The Honorable Kathleen Sebelius
Secretary, U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius,

I write to you today in regards to the new minimum medical loss ratio (MLR) requirements imposed by the health reform law. As you know, Section 2718 of the "Patient Protection and Affordable Care Act" requires a minimum MLR of 80 percent for state individual health insurance markets starting next January. I am concerned that implementation of these MLR provisions will destabilize Maine's individual insurance market by causing the exodus from the market of one of our state's two remaining carriers selling new coverage, leaving approximately 14,000 Mainers – or 37 percent of the market – without their current coverage.

On July 1, 2010, Mila Kofman, Superintendent of the Maine Bureau of Insurance, wrote to you requesting a waiver so that the new MLR requirements would not go into effect until 2014. In her letter, Superintendent Kofman stated that implementation of the federal MLR standard may "disrupt" and have a "serious destabilizing effect" for Maine's individual health insurance market. To prevent this adverse outcome, Superintendent Kofman requested that the U.S. Department of Health and Human Services (HHS) grant an adjustment – as it is permitted to under the health reform law – so that Maine's current 65 percent minimum MLR requirement remains in place for coverage issues or renewed before 2014. This adjustment would allow individuals in Maine to keep the coverage they currently have – a key promise of health reform supporters – and also would protect what little competition that remains in Maine's individual market.

I am troubled that more than four months have passed and HHS has not yet granted the Maine Bureau of Insurance's waiver request, and this delay is causing uncertainty for Maine's individual market. On October 13, 2010, the National Association of Insurance Commissioners (NAIC) wrote to you, stating that "time is critical" and that "[c]arriers need to know well before January 1, 2011, what will be required of them so they can set rates, adjust business practices or reassess their position in various markets." In determining whether a market would be "destabilized", the NAIC suggested the following among considerations for HHS to utilize:

AUBURN
TWO GREAT FALLS PLAZA
SUITE 7B
AUBURN, ME 04210
(207) 786-2451

AUGUSTA
40 WESTERN AVENUE, SUITE 408C
AUGUSTA, ME 04330
(207) 622-8292

BANGOR
ONE CUMBERLAND PLACE, SUITE 306
BANGOR, ME 04401
(207) 945-0432

BIDDEFORD
227 MAIN STREET
BIDDEFORD, ME 04005
(207) 282-4144

PORTLAND
3 CANAL PLAZA, SUITE 601
PORTLAND, ME 04101
(207) 874-0883
MAINE RELAY SERVICE
TDD 1-955-3323

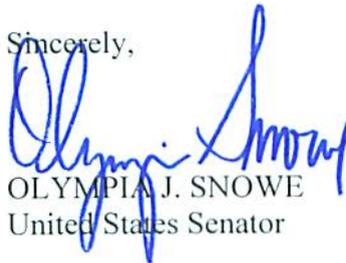
PRESQUE ISLE
169 ACADEMY STREET, SUITE 3
PRESQUE ISLE, ME 04769
(207) 764-5124

- The potential loss of carriers marketing products in the state and the impact on consumers and competition in the marketplace;
- The ability of consumers to find easily affordable products in the state should their carrier leave the state market;
- The potential impact on premiums paid by current policyholders; and
- The potential impact on consumer access to agents and brokers.

Clearly, if HHS does not grant the Maine Bureau of Insurance's waiver request, then individuals in Maine will be disadvantaged by the loss of one of only two carriers currently marketing products in Maine's private individual insurance market, and this would result in the elimination of all competition in the market, as there would be only one carrier left writing new coverage. This development would inhibit the ability of Maine consumers to find affordable products, as this lack of competition will undoubtedly drive up premiums and limit access to brokers.

In conclusion, I request that HHS grant the Maine Bureau of Insurance's request by November 19, 2010. Thank you for your consideration of this letter.

Sincerely,



OLYMPIA J. SNOWE
United States Senator