

September 6, 2011

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

Re: Request for Adjustment to the Medical Loss Ratio (MLR) for the State of North Carolina

Dear Secretary Sebelius:

The enclosed document represents my request for adjustment to the Medical Loss Ratio (MLR) in the individual health insurance market for the State of North Carolina, prepared in accordance with 45 C.F.R. Part 158.

My staff and I have given careful examination of the potential impact of the MLR requirement on the individual health insurance market in North Carolina. As a result, I have concluded that the immediate implementation of an 80 percent MLR is likely to destabilize and disrupt the already tenuous individual insurance market. Competition will be hampered and access to coverage options will be constrained for North Carolinians.

This enclosed documentation demonstrates that a reasonable likelihood exists that the application of the MLR requirements as set forth in 45 C.F.R. 158 may destabilize the individual health insurance market in North Carolina for the following reasons: 1) Issuers will cease issuing new policies or exit the market; 2) the MLR requirements will erect barriers to entry into the individual market; 3) the MLR requirements will reduce consumer choice because of a reduction in the availability of products in the individual market; and 4) the MLR requirements will severely hamper agent involvement in the individual market to the harm of North Carolina citizens and the detriment of the market.

Thank you for considering this request.

Very truly yours,



Wayne Goodwin
Commissioner of Insurance

WG:tb
Attachments

