



DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

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April 15, 2011

Gary Cohen
Acting Director, Office of Oversight
Department of Health and Human Services
Center for Consumer Information and Insurance Oversight
7500 Security Boulevard, Mail Stop C2-21-15
Baltimore, Maryland 21244-1850

Via: Electronic Mail
MLRAdjustments@hhs.gov

Dear Acting Director Cohen:

The following is the State of Nevada, Department of Business and Industry, Division of Insurance's ("Division") response to your letter dated March 14, 2011 that requests information necessary before Nevada's application for a medical loss ratio ("MLR") adjustment is considered complete. This letter is also intended to respond to your April 8, 2011 request for additional information required under 45 CFR §158.321(d).

The Division has responded individually to each request contained in your March 14, 2011 letter. Consistent with your recommendation, the reported data has been obtained from the 2010 NAIC Supplemental Health Care Exhibit ("SHCE") due April 1, 2011, which is a new federal reporting requirement and is public information.

Request 1.

For each issuer that offers coverage in the Nevada individual market, please provide the number of individual enrollees and premium data by product, as required by 45 CFR §158.321(d)(1). "By product" requires that the data be delineated based on plan design (e.g., premium rate, deductible, co-insurance, etc.).

Response 1.

Please see Attachment 1.

Request 2.

For each issuer that provides coverage in the Nevada individual market to more than 1,000 enrollees, please provide, as required by 45 CFR §158.321(d)(2), the issuer's:

- i. Total earned premium on individual market health insurance products in Nevada;
- ii. Reported MLR for its individual market business in Nevada, and the methodology used in calculating this MLR;
- iii. Estimated MLR for its Nevada individual market business, as determined in accordance with 45 CFR §158.221;
- iv. Total agents' and brokers' commission expenses on individual health insurance products in Nevada;
- v. Estimated rebate for its Nevada individual market business, as determined in accordance with 45 CFR §158.221 and §158.240;
- vi. Net underwriting profit for its individual market business and consolidated business in Nevada;
- vii. After-tax profit and profit margin for its individual market business and consolidated business in Nevada; and
- viii. Risk-based capital level.

Response 2.

Please see Attachment 2.

Request 3.

Please provide the information requested in items 1 and 2 in Excel spreadsheet format, as specified in the CCIIO Guidance issued on December 17, 2010.

Response 3.

We have provided the information in Request 1 and 2 in Excel spreadsheet format as specified.

Request 4.

Please provide an explanation of how the proposed MLR of 72 percent was determined, as required by 45 CFR §158.322(a).

Response 4.

The proposed 72 percent MLR was determined by applying adjustments allowed under federal law to the 65 percent loss ratio targeted by individual carriers in Nevada for the year 2010. These adjustments are:

- 1. 3 percent for taxes and fees;*
- 2. 3 percent credibility; and*
- 3. 1 percent expenditures for quality improvement.*

These adjustments are supported by Attachment 3 which is an aggregation of the data reported in the 2010 SHCE.

I appreciate the opportunity to respond to your requests for additional information and hope the provided information will complete Nevada's MLR adjustment application and assist you in your evaluation.

Please feel free to contact me directly by phone at (775) 687-0771 or by electronic mail at icommish@doi.state.nv.us if you have any additional questions or concerns.

Respectfully,



Brett J. Barratt
Commissioner of Insurance

Attachments

- c: Brian Sandoval, Governor, State of Nevada
- Senator Harry Reid
- Senator John Ensign
- Congresswoman Shelley Berkley
- Congressman Joe Heck
- Congressman Dean Heller
- Terry Johnson, Director, Department of Business and Industry