



March 14, 2011

By Email and Regular Mail

Brett J. Barratt
Commissioner of Insurance
Division of Insurance
State of Nevada Department of Business and Industry
1818 East College Pkwy, Suite 103
Carson City, NV 89706

Re: Nevada's Request for Adjustment to Medical Loss Ratio Standard

Dear Commissioner Barratt:

On March 14, 2011, the Center for Consumer Information and Insurance Oversight (CCIIO) emailed you a letter regarding information the State of Nevada must submit in order to complete its application for an adjustment to the medical loss ratio ("MLR") standard for its individual health insurance market. Although Nevada has not yet finalized its application, CCIIO has, in the interest of expediting the process, performed a preliminary review of the information Nevada has already submitted.

Based upon that review, we have some follow-up questions regarding the information Nevada has already submitted with its application, dated February 10, 2011. These questions are distinct from the information that our separate March 14 letter indicates Nevada must submit before its application is deemed complete. Application completeness, and hence commencement of CCIIO's 30-day application processing period, will not be impacted by the timing of Nevada's response to the follow-up questions listed below. Nevertheless, prompt responses to the questions in this letter will greatly assist the Secretary in making a prompt determination as to whether to grant Nevada's request for an adjustment to the MLR standard. We would consequently appreciate receiving Nevada's responses within seven (7) calendar days from the date of this letter. The responses should be submitted to MLRAdjustments@hhs.gov. Please understand that after receiving Nevada's complete application we may have some additional questions.

Please provide the following information:

1. Page 3 of the letter portion of Nevada's application states that three carriers that have discontinued writing new business in Nevada "may withdraw completely from the marketplace unless there is some relief granted through an adjustment to the medical loss ratio standard." However, according to page 4 of Nevada's letter, these three carriers currently provide coverage to a combined total of 419 enrollees. Because each of these three carriers covers fewer than 1,000 enrollees, these carriers will not be subject to MLR rebate requirements in 2011 (45 CFR §158.230(c)(3) and (d)). Please provide any additional information supporting your expectation that implementation of an 80 percent MLR standard may cause these three carriers to withdraw from Nevada's individual market.
2. As we read NRS 689A.630(1)(d), it directs the Commissioner to "assist the persons covered by the discontinued insurance in this state in finding replacement coverage" if the Commissioner finds that a carrier should not be required to renew coverage. Please explain what methods the Commissioner may use, or has historically used, to assist enrollees of issuers leaving Nevada's individual market in finding comparable replacement coverage. Please also explain which, if any, of these methods would be available to the Commissioner to assist enrollees in finding replacement coverage if their issuer voluntarily exits Nevada's individual market due to the MLR standard.
3. Page 4 of Nevada's letter states, "While we are concerned with the disruption caused by the departure of these three carriers, we are also apprehensive that other carriers may opt to exit Nevada, further destabilizing the market and adversely affecting Nevadans." However, Nevada's response to 45 CFR §158.321(d)(2)(ix) indicates that no issuers have provided notice of exit. Furthermore, page 3 of Nevada's letter states, "It is unknown, at this time, whether any of the other carriers offering individual health benefit plans in Nevada will choose to exit the market if the statutorily-required MLR standard is not adjusted." Please indicate any information that supports Nevada's concern that issuers are likely to leave Nevada's individual market absent an MLR standard adjustment.
4. Page 2 of Nevada's letter suggests that five of the ten issuers in the Nevada individual market currently insuring at least 1,000 lives have MLRs below 80 percent. Please provide any analysis the Division has done regarding the ability of these five issuers to meet an 80 percent MLR standard or to provide rebates to enrollees.
5. The January 4 Advisory Committee's public meeting included a discussion of a study prepared by the Nevada Department of Health and Human Services regarding Nevada's health insurance premiums (Nevada's Attachment 2, pages 17-20). Please identify the report referenced and a means to obtain this report, and please indicate whether this report was taken into consideration in assessing competitiveness of Nevada's health insurance market.
6. The transcript of the January 4 Advisory Committee's public meeting (Nevada's Attachment 2) excludes pages 4 through 9. These pages appear to address a report by Glenn Shippey, the Division's actuary, on Nevada's individual market, which was based on data collected during the Division's data calls. Please provide pages 4 through 9 of the Advisory Committee meeting transcript, as well as a copy of Glenn Shippey's report.

7. During the January 4 Advisory Committee's public meeting, Marilyn Wills, Director of the Nevada Governor's Office for Consumer Health Assistance, noted that some issuers had already implemented structural commission changes to raise their 2011 MLRs (Nevada's Attachment 2, pages 13-14). Please indicate which issuers have implemented such adjustments, describe the adjustments, and quantify the impact you expect these adjustments to make on these issuers' 2011 MLRs.
8. Page 2 of Nevada's letter states, "The Division has received rate filings from carriers using the new 80% MLR standard to price their business issued or renewed in 2011." Please indicate which carriers have submitted rate filings priced to an 80% MLR.

We look forward to receiving the requested information so that the Secretary can make a fully informed assessment and determination. As noted above, this information is separate and apart from whether Nevada's application for an adjustment to the MLR in its individual market is complete.

We appreciate Nevada's cooperation in working together to implement the Affordable Care Act in the best interests of all stakeholders. 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, March 14, 2011/

Gary Cohen
Acting Director, Office of Oversight
Center for Consumer Information
and Insurance Oversight