



March 24, 2011

**Via Electronic Mail**

Steven Larsen  
Director  
Office of Consumer Information and Insurance Oversight  
Department of Health and Human Services  
[MLRAdjustments@hhs.gov](mailto:MLRAdjustments@hhs.gov)

***Re: New Hampshire Medical Loss Ratio Adjustment Request***

Dear Mr. Larsen:

Thank you for the opportunity to submit comments in response to New Hampshire's request for an adjustment to the individual market medical loss ratio (MLR) standards under the Patient Protection and Affordable Care Act (ACA). I am writing on behalf of New Hampshire Voices for Health (Voices), a non-profit consumer advocacy organization committed to ensuring a strong, high quality and affordable health care system for New Hampshire families and businesses. Voices coordinates a statewide network of individuals, small businesses and advocacy organizations that share our commitment to expanding access to quality, affordable health care. Our network includes over 40 partner organizations and individuals and, together with our partners, we represent more than 200,000 people across the state.

Voices and our partners have appreciated the strong work of the New Hampshire Insurance Department to strengthen our health care system and its efforts to advance implementation of the ACA in particular. We have valued our productive working relationship with the Department and their ongoing focus on consumer protection. Though we regret having to do so, we respectfully raise several concerns regarding the Insurance Department's request for an individual market adjustment to the ACA MLR standards and the impact that the adjustment would have on New Hampshire families.

The MLR standards issued as part of and pursuant to the ACA provide important protections for consumers that are struggling under high and rising health care costs. We believe that the standards are reasonable. Not only did they receive unanimous and bipartisan support from the National Association of Insurance Commissioners, but they also include appropriate accommodations to avoid unintended consequences, including in regard to new entrants to the market. Importantly, the fact that the standards are national and only one other New England state has requested an adjustment ensures that New

Hampshire's insurance market will not be at any disadvantage in comparison with our neighboring states if the state fully implements the MLR standards.

We share the Insurance Department's concerns about the limited competition and choice in the New Hampshire insurance market – an issue that has existed in the state for some time. We are grateful for the provisions in the ACA that seek to expand health insurance competition and choice. It appears speculative that any individual market carriers will leave New Hampshire – and risk being excluded from re-entering the insurance market beyond implementation of the premium subsidies and Exchange - as a result of the full enforcement of the national MLR standards. In fact, the largest insurer in the market, Anthem, has a near monopoly on the market (with 72% market share) and is earning more than \$11 million in profits in New Hampshire. Likewise, it is not clear that the smaller plans in the state that are already at a competitive disadvantage regardless of the implementation of MLR standards would leave the state as a result of the full implementation of the standards. New Hampshire's prior experience with loss of carriers was related to concerns over adverse selection, which is unrelated to full implementation of the MLR standards.

It is also not clear why the state's health insurance carriers cannot meet the national MLR standards. In fact, two of the four individual market carriers in the state are meeting or nearly meeting 80% standard. Of the remaining two carriers, Anthem's parent company (Wellpoint) has an average MLR of 83% nationwide,<sup>1</sup> and Chesapeake is an outlier that is not close to meeting even the requested adjusted MLR, though it is our understanding is that the issuer is eligible for adjustments to the MLR standards as a new entrant to the market.

Similarly, because it appears that only one individual market carrier pays producer fees, it is unlikely that the role of producers will be unduly impacted by the standards.

We urge you to carefully weigh the potential risk of one or more insurers leaving the market against the very real burden that New Hampshire families are already facing as a result of unaffordable health insurance costs. Between 1999 and 2009, health insurance premiums rose 119%<sup>2</sup> – which is 4.3 times faster than average employee wages rose during the same time period.<sup>3</sup> As a result, health insurance is becoming increasingly out of reach for New Hampshire families and premiums are a rising burden on families' financial stability. Currently, the average New Hampshire family premium is 44% of the state's average annual wages.<sup>4</sup> According to data provided by the Insurance Department, New Hampshire families were charged nearly \$13 million more for health coverage in 2010 than they should have been under the ACA MLR standards.

New Hampshire families need relief from unaffordable health insurance premiums, as the ACA minimum MLR standards seek to provide. The implementation of these standards

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<sup>1</sup> [http://hcfan.3cdn.net/b61802440a3b0e08a6\\_gum6bhxaw.pdf](http://hcfan.3cdn.net/b61802440a3b0e08a6_gum6bhxaw.pdf)

<sup>2</sup> [http://www.whitehouse.gov/assets/documents/Health\\_Insurance\\_Premium\\_Report.pdf](http://www.whitehouse.gov/assets/documents/Health_Insurance_Premium_Report.pdf)

<sup>3</sup> <http://www.familiesusa.org/assets/pdfs/costly-coverage/new-hampshire.pdf>

<sup>4</sup> <http://www.familiesusa.org/assets/pdfs/costly-coverage/new-hampshire.pdf>

build-on the New Hampshire Insurance Department's work at the state level to limit insurer administrative spending and increase efficiency and transparency in the health insurance market. Unfortunately, \$9.5 million (or nearly 75%) of the rebates that would have been owed to New Hampshire families in 2010 alone would be lost as a result of the adjustment being requested. This would stand as a significant barrier to the needed relief.

Additionally, we worry that plans that do not meet the 80% MLR standards are not providing good value to consumers and should not be preserved. While choice is important, maintaining low value plans is not good for anybody.

We encourage the Insurance Department and the Center for Consumer Information and Insurance Oversight to work with New Hampshire insurers to ensure they can meet the 80% MLR standards. At a minimum, it seems that it would be more beneficial to work with insurers to adjust their current business models and practices and gradually improve their efficiency as soon as possible rather than maintaining a static lower standard that will allow them to maintain their current MLRs and will leave them to face same increase currently being contemplated in a few years.

Thank you for considering the consumer perspective and our input related to New Hampshire's adjustment request. Like the Insurance Department, we are committed to ensuring that full enforcement of the MLR standards does not create unintended consequences. At the same time, we ask you to protect the market in a way that does not put consumers at risk from unnecessarily expensive premiums. We would value the opportunity to support efforts of the Center for Consumer Information and Insurance Oversight and the New Hampshire Insurance Department to ensure necessary protections are put in place to prevent any unintended consequences of full enforcement of the MLR standards in both the individual market and the health insurance market more broadly (including pending legislation to prevent erosion of, and adverse selection against, the small group market). In addition, we look forward to the opportunity to work with New Hampshire Insurance Department and CCIIO to publicly highlight this important benefit of the new health law when families begin receiving rebate checks.

Sincerely,



Lisa Kaplan Howe  
Director