

Sent: Friday, January 28, 2011 2:16 PM  
To: HHS MLR Adjustments (HHS)  
Subject: New Hampshire MLR waiver application

Greetings,

Thank you for the opportunity to comment on the medical loss ratio waiver application that was submitted by New Hampshire Insurance Commissioner Sevigny.

The application does not support a case for waiving the federal medical loss ratio standard. On page five of the Template for Requesting Adjustment of Individual Market Medical Loss Ratio Sevigny states there are "relatively low medical loss ratios in New Hampshire's individual market." He otherwise argues in his cover letter to the application that increasing the medical loss ratio standard will cause insurers to exit the individual market. This doesn't make sense since the low individual policy medical loss ratios indicate there is room for reduced premium pricing.

His point about the anti-selection spiral among the self-employed suggests a likely increase in popularity of the individual policy among healthier self-employed persons. This is an issue to address in how the small group program is structured and is not a direct concern of the medical loss ratio requirement for individual policies. More importantly, the anti-selection activity by the self-employed has already occurred for those who qualify per the individual policy underwriting. There is no reason to think that individual policy underwriting going forward will be any different. The Anthem rebate per enrollee, if doled out equally, is just a few hundred dollars. While the data is not available, I would imagine that the premium difference between small group and individual insurance for a less healthy person is much greater than that.

	Anthem Health Plans of NH
MLR Rebate	\$ 7,943,213
Insured	23,382
Rebate per Insured	\$ 340
Rebate per insured per month	\$ 28

Finally and most significantly the application fails to address the likelihood that a reduction in the individual premium, which is the effect of the rebate, will attract new enrollees who did not previously consider insurance affordable or worthwhile. New enrollment will further spread risk for the insurers, reduce uninsured patient bad debt for providers and encourage competition among insurers.

Blocking the Anthem and Chesapeake Life rebates only protects the status quo and reduces competition among insurers.

Sincerely,

Wilfred Garand