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Mr. Adam Hamm  
Commissioner  
ND Department of Insurance  
600 E Boulevard Avenue  
Bismarck, ND 58505

Dear Commissioner Hamm:

We are writing to respectfully request that you explore applying for an adjustment from the U.S. Department of Health and Human Services (HHS) on the Medical Loss Ratio (MLR) requirement included in the Patient Protection and Affordable Care Act (PPACA). We are concerned that this provision could negatively impact the individual and small group health insurance market and could result in fewer affordable health insurance options for North Dakotans.

As you know, Section 2718 of PPACA requires a minimum MLR of 80 percent for individual and small group markets and 85 percent of large group markets beginning on January 1, 2011. HHS issued an Interim Final Rule concerning the MLR requirements on December 1, 2010. The regulation allows the Secretary of Health and Human Services to adjust the MLR standard for up to three MLR reporting years if the Secretary "determines that the application of the 80 percent MLR standard of section 2718(b)(1)(A)(ii) of the Public Health Service Act may destabilize the individual market in the state." The regulation describes the information that a state must submit in order to apply for an adjustment to the MLR.

The National Association of Insurance and Financial Advisors of North Dakota (NAIFA-ND) are concerned about the impact of the new MLR requirements on access to health insurance policies. We are extremely concerned that this MLR policy could cause some North Dakotans to lose the coverage that they currently have and could further reduce the number of choices available to North Dakota consumers. This could drive up health insurance premiums and further reduce competition.

We are also concerned that the MLR regulations could limit access to insurance agents and brokers who help individuals and small business owners as they evaluate and purchase health insurance coverage and as questions arise concerning the claims process. If insurers reduce agent and broker commissions due to the new MLR requirements, it may result in agents and brokers leaving the health insurance business which would negatively impact North Dakotans who rely on their assistance.

It is our understanding that several states are planning to apply for or are already in the process of requesting an adjustment to the MLR requirements. Due to the potential negative impact of the MLR requirements on North Dakotans access to health insurance options, we would appreciate your careful review of the Interim Final Rule on MLR and consideration in applying for an adjustment.

Thank you for your time and consideration of this request. We look forward to your response.

Sincerely,

Norbert Mayer  
NAIFA-ND Government Relations Chair

