



National Association of Health Underwriters

America's Benefits Specialists

June 6, 2011

The Honorable Steve Larsen
Deputy Administrator and Director
Center for Consumer Information and Oversight
Department of Health and Human Services
7500 Security Boulevard, Mail Stop C2-21-15
Baltimore MD 21244-1850

Sent via electronic submission to MLRAdjustments@hhs.gov

Dear Deputy Larsen:

I'm writing on behalf of the National Association of Health Underwriters and our members in North Dakota to express our strong support for the State of North Dakota's application for a Medical Loss Ratio (MLR) adjustment. The MLR regulation as it stands adversely impacts the health insurance producer community and the services they provide to consumers.

We concur with Commissioner Hamm in his concern that this measure, as it stands, will put pressure "on companies to restrict, reduce or eliminate commissions for producers and that this action "might lower the level of service provided by producers to individuals purchasing insurance." This could result in, again quoting the Commissioner, "real financial harm "in the marketplace.

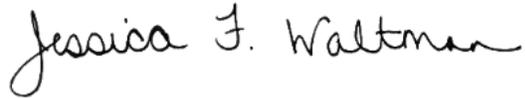
Under the federal rule, producer compensation associated with the sale of insurance products is to be included in the administrative portion of the MLR equation. As currently written, the regulation is likely to diminish the role of agents and reduce the number of insurers willing to write health insurance in the individual and small-group markets. In order to meet the 80 and 85 percent MLR requirement for the individual and small group market, insurance carriers have decided to change the commission's structure. In some states, we have seen as much as a 50% reduction in first year commissions.

We fully support North Dakota's MLR adjustment application. The State has requested an adjustment in the individual market to implement an MLR with a three year transitional period with an initial percentage of 65 percent for 2011, reaching 80% by 2014. The approval of this application will ensure that consumers in North Dakota continue to benefit from the knowledge

of insurance professionals and, quoting Commissioner Hamm, allow producers to “meet with people in their homes, communities and places of business.”

I thank you for your time and thorough consideration of the State of North Dakota MLR adjustment application. If you have any further questions, please feel free to contact me at (703) 276-3817 or jwaltman@nahu.org.

Sincerely,

A handwritten signature in black ink that reads "Jessica F. Waltman". The signature is written in a cursive, flowing style.

Jessica F. Waltman
Senior Vice President of Government Affairs