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May 27, 2011

**By Email and Regular Mail**

Andrew W. Hamm  
Insurance Commissioner  
North Dakota Insurance Department  
600 E. Boulevard Ave  
Bismarck, ND 58505

Re: State of North Dakota Request for Adjustment to Medical Loss Ratio Standard

Dear Commissioner Hamm:

Thank you for providing additional information in the North Dakota Insurance Department (Department)'s May 5, 2011 letter and in the updated version of that letter sent on May 6, 2011. These letters were sent in response to the Center for Consumer Information and Insurance Oversight's (CCIIO) April 18, 2011 letters, which requested information necessary to complete the State of North Dakota's application for an adjustment to the MLR standard, as well as follow up questions to information submitted in the original application.

We deem North Dakota's application complete as of the date of this letter. We will make a decision regarding North Dakota's application within 30 days from the date of this letter. The Secretary may, in her discretion, extend the 30 day review period for as long a time as necessary not to exceed an additional 30 days. Should the application review period be extended, we will alert you as soon as practicable.

Although we deem the application complete, we have reviewed the information the Department provided in its recent letters, and request further information regarding the items listed below. This information will facilitate the Secretary's determination of the application. We would appreciate receiving the Department's responses within seven (7) calendar days from the date of this letter. The responses should be submitted to [MLRAdjustments@hhs.gov](mailto:MLRAdjustments@hhs.gov).

The items for which we request further information are:

1. Pages 3 and 4 of your May 6, 2011 letter suggest that the 2010 MLRs provided in the Department's original application were estimates because issuers did not have full year 2010 data available. We note that since the date of the Department's original application,

companies have filed Supplemental Health Care Exhibits (SHCE) with the National Association of Insurance Commissioners (NAIC) that include data on issuers' 2010 experience. Please submit the 2010 SHCEs for issuers in the North Dakota individual market.

Based on our preliminary assessment of select SHCE data, we calculate the 2010 MLRs based on the Federal definition in the following table. We have also included the original MLR estimates provided in the Department's March 18 application materials. Based on the Department's analysis of the SHCE filings, please confirm or revise the estimates for 2010 provided below.

Company Name	2010 MLR Estimates (%)	
	NDID Estimates*	CCHIO Estimates
American Republic	112.4	123
Blue Cross Blue Shield	110.2	111
John Alden Life Insurance Co	not provided	77
Medica Insurance Co	80.0	60
Time Insurance Co	65.0	64
World Insurance Co	60.1	92

\*All figures in this column come from the table "Estimated PPACA MLR for individual market business in North Dakota" provided in Attachment B of the Department's March 18, 2011 letter, except for Time Insurance Co, which was taken from the Department's updated May 6, 2011 letter.

2. Please explain the differences between the number of World's individual enrollees and in World's products appearing in the table "Premium and enrollee information for all individual major medical products in ND" in Attachment A of the Department's March 18, 2011 letter and those appearing in the table on page 6 of the Department's May 6, 2011 letter, and confirm that the figures provided on page 6 of the Department's May 6, 2011 letter are the appropriate figures for our analysis.
3. Based on our calculations, it appears that Blue Cross Blue Shield of North Dakota had a 2009 market share of 84.38 percent. However, the table on page 7 of the Department's May 6, 2011 letter indicates that it had a 2009 market share of 75.90 percent. Please reconcile the discrepancy between these two figures.
4. Based on SHCE data, it appears that Blue Cross Blue Shield of North Dakota had total individual market enrollment of 33,923 in 2010. The table "Premium and enrollee information for all individual major medical products in ND" in Attachment A of your March 18, 2011 letter indicates that BCBS had total individual market enrollment of 18,917 in 2009. Please reconcile these two figures and confirm the correct figures for BCBS's total individual market enrollment in both years.

5. Based on SHCE data, it appears that American Family Mutual Insurance Company had total individual market enrollment of 1,771 in North Dakota in 2010. Neither the March 18, 2011 letter nor the May 6, 2011 letter from the Department mention American Family. Please indicate whether American Family is an active issuer in the North Dakota individual market and, if so, please provide all data required by 45 CFR 158.321(d).
6. On page 7 of the Department's May 6, 2011 letter, the Department indicates that Companion Life Insurance Company has a total individual market enrollment of 292 in North Dakota. Companion Life's website indicates that it sells only life, accident, dental, and vision insurance. Please confirm that Companion Life sells comprehensive major medical insurance in the North Dakota individual market.

Once again, we appreciate North Dakota's cooperation in working together to implement the Affordable Care Act. Please feel free to contact the Office of Oversight by email at [MLRQuestions@hhs.gov](mailto:MLRQuestions@hhs.gov) or by phone at (301) 492-4457 if you have any questions or concerns.

Sincerely,

/Signed, GC, May 27, 2011/

Gary Cohen  
Acting Director, Office of Oversight