

Congress of the United States
Washington, DC 20515

December 21, 2011

The Honorable Kathleen Sebelius
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

Re: Texas Medical Loss Ratio Adjustment Request

Dear Secretary Sebelius:

We write to express our hope that you will deny Texas Department of Insurance's (DOI) request to delay full implementation of the new medical loss ratio (MLR) rules, and ensure that Texans are not denied the full benefits of the Affordable Care Act (ACA). Once again, some in Texas are more interested in protecting insurance companies than protecting consumers. Granting this request would be a tremendous mistake and increase the cost of health care to consumers.

One of the successes in our health insurance reform efforts is that starting in 2011, the ACA requires insurance companies to spend at least 80 percent of premium dollars on health care services and quality improvements, rather than on overhead, marketing, advertising, or bonuses. If insurers fail to comply with these standards, they must provide rebates to policyholders. This important provision of the ACA makes crucial strides toward holding insurance companies accountable for how they spend consumers' premium dollars and places downward pressure on insurance premiums.

Insurance companies do not want this accountability and the Texas DOI is intent on helping them evade it. If the Texas request is granted, hard working Texas families will lose more than \$260 million in rebates anticipated to be paid out over the next three years. That is an average loss of \$350 for each Texan covered by individual health insurance.

Not only is this bad policy, but Texas has failed to satisfy the standard required to obtain an exemption. HHS can only grant a state an exemption from the MLR rules if the state demonstrates a reasonable likelihood that the requirement may destabilize the individual health insurance market in the state. However, there is no evidence that these consumer protections would result in a destabilized market in Texas, or that insurance providers would leave the state. In fact, the Texas Department of Insurance surveyed insurers and found that those covering more than 90% of the Texas market intend to stay in Texas regardless of whether this waiver is granted. Only two surveyed insurers indicated an intention to leave, and together they cover just 0.68% of the market.

As we move forward with implementation of the health insurance reform in Texas, retaining important protections for consumers is vital for the law to succeed. The MLR requirement is an important consumer protection to reduce premium cost and ensure the quality of care. If health insurance companies in Texas are allowed to maintain lower MLRs than are required under law, Texas consumers will pay a steep price.

Please deny this transparent request to put insurance company profits over patients.

Sincerely,











Eddie Bernice Johnson

Rubén Hinojosa


