



June 14, 2011

**By Email and Regular Mail**

Robyn S. Crosson  
Indiana Department of Insurance  
Chief Deputy Commissioner  
Company Compliance Services  
311 W. Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Re: Indiana's Request for Adjustment to Medical Loss Ratio Standard

Dear Ms. Crosson:

Thank you for the Indiana Department of Insurance ("IDOI")'s application for an adjustment to the medical loss ratio ("MLR") standard for Indiana's individual health insurance market. In order for the IDOI's application to be complete, please provide the information listed below.

**Please note that 45 CFR §158.345(a) provides that the time frame for the Secretary to determine whether to grant the IDOI's request begins only when the complete application is received.**

1. Page 13 of the IDOI's application states that "Although individual carriers are not statutorily required to notify IDOI that they are withdrawing from the individual market, most carriers do notify this agency out of courtesy." The IDOI's application is otherwise silent regarding any requirements Indiana may have with respect to withdrawal from the Indiana individual health insurance market. Title 45 CFR §158.321(b) provides that a State must describe any requirements it has with respect to withdrawal from its individual health insurance market. Such requirements include, but are not limited to, any notice that must be provided and any authority the State regulator may have to approve a withdrawal plan or ensure that enrollees of the exiting issuer have continuing coverage, as well as any penalties or sanctions that may be levied upon exit or limitations on re-entry. Please describe any requirements Indiana has with respect to withdrawal from its individual health insurance market, or confirm that it has none.
2. Pages 7 and 13 of the IDOI's application suggest that there are no mechanisms available to Indiana to provide consumers with options in the event an issuer withdraws from the Indiana individual health insurance market other than Indiana's high risk pool (Indiana Comprehensive Health Insurance Association ("ICHIA")) and the federal Preexisting Condition Insurance Plan ("PCIP"), and that "The PCIP is often not a practical solution for the very sick because one has to go without coverage for six months." Title 45 CFR §158.321(c) provides that a State must describe the mechanisms available to the State to provide consumers with options in the event an issuer withdraws from its individual health insurance market. Such mechanisms include but are not limited to a guaranteed

issue requirement, limits on health status rating, an issuer of last resort, or a State-operated high risk pool. A State's description of each mechanism, according to 45 CFR §158.321(c), should include detail on the issuers participating in and products available under such mechanism, as well as any limitations with respect to eligibility, enrollment period, total enrollment, and coverage for pre-existing conditions. Please either (1) confirm that Indiana has no mechanism available to it to provide consumers with options in the event an issuer withdraws from its individual health insurance market other than ICHIA and PCIP, or (2) describe the mechanisms Indiana has available to it in addition to these two programs. Please also provide the total enrollment of ICHIA and a description of (1) participating issuers, (2) available products, (3) eligibility requirements, (4) enrollment periods, and (5) pre-existing condition coverage limitations.

3. Title 45 CFR §158.321(d)(1) requires the State to provide the individual health insurance market share within the State for each issuer who offers coverage in the individual market in the State. Please provide the Indiana individual health insurance market share of each issuer who offers coverage in that market. Also, please confirm that the 3-page attachment to the IDOI's application entitled "Indiana Department of Insurance Estimated Rebate for SHCE Filers" lists all the issuers offering coverage in that market, and please indicate which of those issuers are actively offering coverage in that market.
4. Title 45 CFR §158.321(d)(1) requires the State to provide, for each issuer who offers coverage in the individual market in the State, its number of individual enrollees by product and available individual premium data by product. The IDOI, citing 45 CFR §158.320, states on page 1 of its application that providing this information is unduly burdensome. At this time, CCIIO would be willing to accept, for the purpose of concluding that the IDOI's application is complete under 45 CFR §158.321(d)(1), the information regarding Indiana individual health insurance market enrollment and premiums that Indiana's issuers are required to report as part of the publicly available Supplemental Health Care Exhibit ("SHCE"). CCIIO reserves the right, however, to request that the IDIO provide the figures for premium and number of enrollees by product required by 45 CFR §158.321(d)(1) if CCIIO determines that this information is material to the decision of whether to grant an adjustment. If this information is requested by CCIIO, the IDOI can, at its option, either seek that information from the issuers, or renew its request that the Secretary proceed to process the application without the information, as provided by 45 CFR §158.320.
5. Please provide the 2010 SHCE of each issuer who offers coverage in the individual market in Indiana.
6. Please confirm that the figures appearing in the "SHCE Individual Preliminary MLR" column in the 3-page attachment to the IDOI's application entitled "Indiana Department of Insurance Estimated Rebate for SHCE Filers" are the estimated MLRs for the listed issuers' individual market business in Indiana, as required by 45 CFR §158.321(d)(2)(iii). If that is not the case, please provide the estimated MLR for the individual market business in Indiana, as determined in accordance with 45 CFR §158.221, for each issuer who offers coverage in the Indiana individual market to more than 1,000 enrollees. Title 45 CFR §158.221 provides that the formula for calculating an issuer's MLR includes any applicable credibility adjustment.

7. As required by 45 CFR §158.321(d)(2), please provide, for 2010, for each issuer that offers coverage in the Indiana individual health insurance market to more than 1,000 enrollees, (1) its reported MLR pursuant to Indiana law for its Indiana individual market business, (2) its total agents' and brokers' commission expenses on Indiana individual health insurance market products, (3) its estimated rebate for its individual market business in Indiana, as determined in accordance with 45 CFR §§158.221 and 158.240, (4) its net underwriting profit for its individual market business in Indiana, (5) its net underwriting profit for its consolidated business in Indiana, (6) its after-tax profits and profit margin for its individual market business in Indiana, and (7) its after-tax profits and profit margin for its consolidated business in Indiana. Please also provide for each issuer that offers coverage in the Indiana individual health insurance market to more than 1,000 enrollees whether the issuer has given notice of exit to the IDOI. We note that issuers report the information requested in subpart (1) - (7), or the data needed to calculate this information, in the SHCEs, Annual Statements, and other forms that they must file with the NAIC.
8. Please provide in Excel spreadsheet format, as specified in the CCIIO Guidance issued on December 17, 2010, the information requested in items 3, 4, 6 and 7, and the information previously provided in the 3-page attachment to the IDOI's application entitled "Indiana Department of Insurance Estimated Rebate for SHCE Filers." This guidance is posted on the CCIIO website at [http://www.hhs.gov/cciio/regulations/12-17-2010ociio\\_2010-2a\\_guidance.pdf](http://www.hhs.gov/cciio/regulations/12-17-2010ociio_2010-2a_guidance.pdf).
9. Title 45 CFR §158.322(c) requires an estimate of the rebates that would be paid in each of MLR reporting years 2011, 2012, and 2013 if issuers offering coverage in Indiana's individual market must meet an 80 percent MLR standard each year. The IDOI in its application provided such an estimate for 2011. Please provide such an estimate separately for reporting years 2012 and 2013.
10. Please provide, as 45 CFR §158.322(d) requires, an estimate of the rebates that would be paid each year for MLR reporting years 2011, 2012, and 2013 if issuers offering coverage in Indiana's individual market must meet the MLR standard that the Department proposes for each of those years (2011 – 65 percent, 2012 – 68.75 percent, and 2013 – 72.50 percent).

Please submit the information listed above to [MLRAdjustments@hhs.gov](mailto:MLRAdjustments@hhs.gov). Thank you in advance for your prompt reply. We look forward to working together to implement the Affordable Care Act. If you have any questions during this process, please contact the Office of Oversight by email at [MLRQuestions@hhs.gov](mailto:MLRQuestions@hhs.gov) or by phone at (301) 492-4457.

Sincerely,

/Signed, GC, June 14, 2011/

Gary Cohen  
Acting Director, Office of Oversight