



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:

On June 13, 2011, the Center for Consumer Information and Insurance Oversight ("CCIIO") emailed you a letter regarding information the Indiana Department of Insurance ("IDOI") must submit in order to complete its application for an adjustment to the medical loss ratio ("MLR") standard for the Indiana individual health insurance market. Although the IDOI has not yet finalized its application, CCIIO has, in the interest of expediting the process, performed a preliminary review of the information the IDOI has already submitted.

Based upon that review, we have some follow-up questions regarding the information the IDOI has already submitted with its application. These questions are distinct from the information that our separate June 13 letter indicates the IDOI must submit before its application is deemed complete. Application completeness, and hence commencement of CCIIO's 30-day application processing period, will not be impacted by the timing of the IDOI's response to the follow-up questions listed below. Nevertheless, prompt responses to the questions in this letter will greatly assist the Secretary in making a prompt determination as to whether to grant the IDOI's request for an adjustment to the MLR standard. We would consequently appreciate receiving the IDOI's responses within seven (7) calendar days from the date of this letter. The responses should be submitted to MLRAdjustments@hhs.gov. Please understand that after receiving the IDOI's complete application we may have some additional questions.

Please provide the following information:

1. Title 45 CFR §158.343 provides that any State that submits a request for adjustment to the MLR standard may hold a public hearing with respect to its application. Please indicate whether the IDOI has provided a forum for public input regarding the IDOI's application for an adjustment to the MLR standard. Please provide copies of any public input that the IDOI has received regarding its MLR standard adjustment request.

2. Page 1 of the IDOI's application states that "Indiana has a robust individual health insurance market with more than 60 carriers actively marketing and writing business", and that "All but five are smaller carriers, many of which are domestic to Indiana or have a physical presence within Indiana." Please confirm that the five large issuers to which the IDOI refers are (1) Anthem, (2) Golden Rule, (3) Time, (4) United Health Care, and (5) Mega. Please also confirm that it is correct that Humana is the sixth largest issuer in the Indiana individual health insurance market.
3. Page 1 of the IDOI's application indicates that the IDOI's application is based upon information obtained from both the Supplemental Exhibits filed with issuers' annual filings to the IDOI as well as information provided by a sampling of 13 issuers offering coverage in Indiana. Please identify what the Supplemental Exhibits are to which the IDOI was referring, and for which years. Please also identify the 13 issuers who provided information through the sampling and the kind of information they provided that the IDOI used in its application.
4. Page 4 of the IDOI's application states that "Those carriers with a large number of CDHPs on their books will be at a competitive disadvantage compared with those carriers that do not." For each issuer offering coverage in the Indiana individual health insurance market, please provide the number of CDHP enrollees the issuer has in that market.
5. Page 6 of the IDOI's application states that "carriers, particularly smaller local and in many cases provider owned carriers, need time to adjust their pricing" and that "information IDOI has received from carriers indicates that many will discontinue sales activities in hopes of minimizing the risk of not meeting MLR requirements, which destabilizes the market by providing fewer choices." Please identify the issuers that the IDOI is concerned will likely discontinue sales activities in the Indiana individual health insurance market in hopes of minimizing the risk of not meeting the MLR requirement for that market.
6. Page 6 of the IDOI's application states that "new nonprofit carriers, newer companies and new products will face significant if not impossible obstacles to enter the market" during 2011 through 2013 because they lack large blocks of older business. Please provide the IDOI's assessment of why 45 CFR §158.121, the provision of the MLR regulation dealing with newer experience, does not adequately address this problem.
7. Footnote 6 on page 7 of the IDOI's application makes reference to information provided in the "Medical Supplement to the Annual Financial Filings," noting that based on such information "Anthem Insurance Inc. has approximately 65% of the market in Indiana in the individual market with the closest competitor Golden Rule Insurance possessing approximately 10% of the market." Please provide a copy of the "Medical Supplement to the Annual Financial Filings" to which the footnote refers for each issuer with more than 1,000 covered lives in Indiana's individual market.
8. Page 8 of the IDOI's application indicates that most issuers offering coverage in the Indiana individual health insurance market "are in good financial health." Please identify any issuer offering coverage in that market that the IDOI does not view as being in such a state and explain the reason(s) for this assessment.

9. Page 12 of the IDOI's application states that "The per-enrollee costs of claims administration and policy administration are higher for individual policies relative to group prices (expressed as a percentage of premiums)." Please provide any data readily available to the IDOI regarding what the per-enrollee costs of claims administration and policy administration are for individual policies in Indiana.
10. Pages 12-13 of the IDOI's application states that five issuers have already left the Indiana individual health insurance market because of the Affordable Care Act's 80 percent MLR standard. Please identify the five issuers and state, for each of them, (a) when the issuer left the market, (b) the number of enrollees the issuer had in the Indiana individual health insurance market when the issuer announced it was going to leave that market, and (c) what the issuer said, provided, or did that led the IDOI to conclude that the issuer was leaving the Indiana individual health insurance market because of the Affordable Care Act's 80 percent MLR standard.
11. Page 13 of the IDOI application states that "Indiana has received letters from carriers warning that a withdrawal from the individual health insurance market could be imminent because of this MLR regulation." Please identify these issuers and provide copies of these letters.
12. Page 13 of the IDOI application states that the IDOI "has received notices that some carriers may withdraw from the health insurance market altogether." Please identify these issuers and provide copies of these notices.
13. Page 14 of the IDOI's application states that "To date, at least five carriers have withdrawn from the Indiana individual major medical health insurance market since ACA was enacted, totaling just fewer than 3,500 policies or more than 20,000 total covered lives (small group and individual)." Please identify any issuer who has withdrawn from the Indiana individual major medical health insurance market since the Affordable Care Act was enacted who the IDOI does not already list in its response to our request #10, above, and state for each such issuer (a) when the issuer left the market, (b) the number of enrollees the issuer had in the Indiana individual health insurance market when the issuer announced it was going to leave that market, and (c) what the issuer said, provided, or did that led the IDOI to conclude that the issuer was leaving the Indiana individual health insurance market because of the Affordable Care Act's 80 percent MLR standard.
14. Page 14 of the IDOI's application states that "Currently, another carrier with approximately 1,165 total lives covered is closely contemplating a withdrawal from Indiana's market." Please (a) identify that issuer, (b) confirm the accuracy of the SHCE individual covered lives figure for 2010 for that issuer appearing in the 3-page attachment to the IDOI's application entitled "Indiana Department of Insurance Estimated Rebate for SHCE Filers," and (c) describe what the issuer has said, provided, or done that had led the IDOI to conclude that the issuer is closely contemplating leaving the Indiana individual health insurance market because of the Affordable Care Act's 80 percent MLR standard.

15. The IDOI press release announcing the filing of its application states that the Accountable Care Act's 80 percent MLR standard had led to "nearly 10% of the insurers fleeing the Indiana individual market."¹ Please identify any issuers, in addition to the five referenced on pages 12-13 of the IDOI's application, that left the Indiana individual health insurance market because of the Affordable Care Act's 80 percent MLR standard. Please also describe, for any issuer other than the five referenced on page 12-13 of the IDOI's application, what the issuer said, provided, or did that led the IDOI to conclude that the issuer left the Indiana individual health insurance market because of the Affordable Care Act's 80 percent MLR standard.

We look forward to receiving the requested information so that the Secretary can make a fully informed assessment and determination. As noted above, this information is separate and apart from whether the IDOI's application for an adjustment to the MLR in the Indiana individual market is complete.

We appreciate the IDIO's cooperation in working together to implement the Affordable Care Act in the best interests of all stakeholders. Please feel free to contact the Office of Oversight by email at MLRQuestions@hhs.gov or by phone at (301) 492-4457 if you have any questions or concerns.

Sincerely,

/Signed, GC, June 14, 2011/

Gary Cohen
Acting Director, Office of Oversight

¹ http://www.in.gov/idoi/files/MLR_Press_release.pdf.