



---

April 18, 2011

**By Email and Regular Mail**

Scott Kipper  
Deputy Commissioner, Office of Health  
Louisiana Department of Insurance  
P.O. Box 94214  
Baton Rouge, Louisiana 70804-9214

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

Dear Deputy Commissioner Kipper:

Thank you for the Louisiana Department of Insurance's ("LDI") application for an adjustment to the medical loss ratio ("MLR") standard for the Louisiana individual health insurance market. In order for the LDI'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 LDI's request for an adjustment to the MLR standard for the Louisiana individual market begins only when the complete application is received.**

1. For each issuer that offers coverage in the Louisiana individual market, please state, as required by 45 CFR §158.321(d)(1): the issuer's share of that market; its number of enrollees by product; and premium data by product; for the most recent date for which the LDI has the data.

At this time, the Center for Consumer Information and Insurance Oversight ("CCIIO") will provisionally accept information regarding each issuer's number of enrollees, and amount of premiums earned, in the Louisiana individual health insurance market as a whole, rather than by product, for the purpose of concluding that the LDI's application is complete with regard to 45 CFR §158.321(d)(1). We note that issuers report this aggregate information in forms that the State requires they submit to the National Association of Insurance Commissioners ("NAIC"). In addition, LDI can calculate the market share, based on number of enrollees, for each issuer in the Louisiana individual market from information in these forms.

CCIIO reserves the right, however, to request that the LDI provide information regarding each issuer's premium and number of enrollees by product, as required by 45 CFR

§158.321(d)(1), if CCIIO determines that such information is material to the determination as to whether to grant the LDI's request for an adjustment to the MLR standard.

2. For each issuer that offers coverage in the Louisiana individual market to more than 1,000 enrollees, please provide, as required by 45 CFR §158.321(d)(2)(i) and (iii) – (viii), for the most recent complete year for which the LDI has the data, the issuer's:
  - a. total earned premium on individual market health insurance products in Louisiana;
  - b. estimated MLR for its individual market business in Louisiana, as determined in accordance with 45 CFR §158.221;
  - c. total agents' and brokers' commission expenses on individual health insurance products in Louisiana;
  - d. estimated rebate for the individual market business in Louisiana, as determined in accordance with 45 CFR §§158.221 and 158.240;
  - e. net underwriting profit for the individual market business and consolidated business in Louisiana;
  - f. after-tax profit and profit margin for the individual market business and consolidated business in Louisiana; and
  - g. risk-based capital level.

We note that issuers report this information, or the data components needed to calculate this information, in supplemental health care exhibits, annual statements, and other forms that the State requires them to file with the NAIC.

3. For each issuer that offers coverage in the Louisiana individual market to more than 1,000 enrollees, please provide, as required by 45 CFR §158.321(d)(2)(ix), whether the issuer has provided notice of exit. The regulatory and statutory provisions cited on page 1 of the LDI's application with regard to Louisiana individual market withdrawal requirements (Louisiana Department of Insurance Directive 147 and LSA-R.S. 22:1074(C)(2)) indicate that such notices are a matter of public record.
4. Please provide in Excel spreadsheet format the information required by 45 CFR §158.321(d), as specified in the CCIIO Guidance, issued on December 17, 2010, regarding the process by which a State must submit its MLR adjustment request. This guidance is posted on the CCIIO website at [http://cciio.cms.gov/resources/files/12-17-2010ociio\\_2010-2a\\_guidance.pdf](http://cciio.cms.gov/resources/files/12-17-2010ociio_2010-2a_guidance.pdf).
5. Title 45 CFR §158.322(c) requires an estimate of the rebates that would be paid for MLR reporting years 2011, 2012, and 2013 if the issuers offering coverage in the individual market in Louisiana must meet an 80 percent MLR standard in each of those years. Please confirm that the \$8,758,944 estimated aggregate rebate figure on page 3 of the LDI's application is for the MLR reporting year 2011 rather than 2010. In the event that this figure is for 2010, please also provide an estimate of the rebates that would be paid based on the 2011 MLR reporting year if the issuers offering coverage in the individual market in Louisiana must meet an 80 percent MLR that year. In addition, please provide

an estimate of the rebates that would be paid for MLR reporting years 2012 and 2013 based on an 80 percent MLR standard.

6. With respect to the Louisiana Health Plan (“Plan”) mentioned on pages 1-2 of LDI’s application, please describe any enrollment caps, funding limitations or any other constraints there may be with respect to enrollment in the Plan, as required by 45 CFR §158.321(c). Please also state the premium for, and number individuals enrolled in, each product offered under the Plan.

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, April 18, 2011/

Gary Cohen  
Acting Director, Office of Oversight