



Congress of the United States

House of Representatives

Washington, DC 20515

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November 17, 2011

Secretary Kathleen Sebelius
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Sebelius:

We are writing regarding the State of Michigan's request for a waiver from the Medical Loss Ratio (MLR) requirements under Section 2718 of the Public Health Service Act under the Affordable Care Act (ACA). The waiver requests a phase-in of the minimum MLR requirements for individual policies rather than moving to a MLR of 80 percent in 2012 as required by the Affordable Care Act.

We strongly support the Affordable Care Act (ACA) as written and believe that Section 2718 provides a transparent process that ensures a balance between affordability for consumers and stability in the health insurance marketplace. Section 2718 of the ACA requires health insurance issuers to submit data on the proportion of premium revenues spent on clinical services and quality improvement and requires health insurance companies to issue rebates to enrollees starting in 2012 if the percentage of premium dollars spent on medical care does not meet minimum standards.

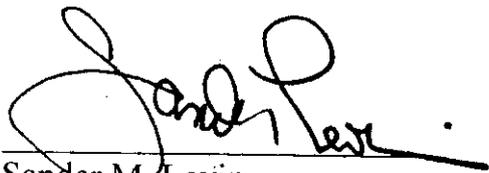
The ACA MLR Provision is an essential element in lowering health insurance costs by ensuring that consumers get the best value for their health insurance premium dollars. American families spend increasing amounts of health care dollars on insurance premiums. It is essential that we apply the provisions from ACA that have the ability to hold down prices and ensure that premiums are spent on health care claims and not on excessive administrative costs and profits, including executive salaries, overhead, and marketing. By making insurance more affordable, the ACA will increase American's ability to access quality health care.

A letter submitted by our Republican Colleagues completely mischaracterizes the impact of the new health care legislation. As you know, the ACA is a landmark piece of legislation that will increase the affordability and accessibility of health care in the United States. Many of its central provisions improve private health insurance coverage. For instance, the ACA remedies the most egregious problems in the health insurance marketplace such as discrimination based on pre-existing conditions, annual and lifetime limits and unfair rescissions.

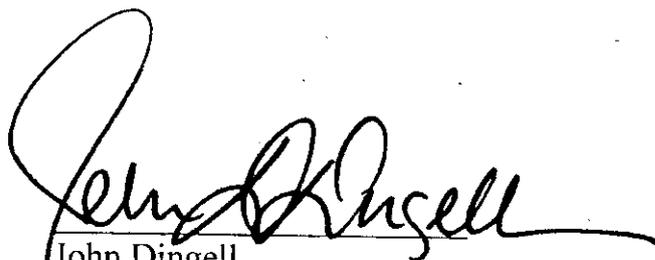
The MLR waiver provision illustrates that the law is designed to work in a way that is responsive to the unique circumstances in each state and provides a process for consumers, states and insurers to be heard. We strongly support CMS's efforts to engage in a data-driven evaluation process, recognizing that a primary goal of ACA is to ensure that consumers receive the best value for their premium dollars. In Michigan a few insurers with very small market shares (1 percent or less) have low MLR's, and we feel that unless it is determined that meeting the 80 percent Medical Loss Ratio standard will destabilize consumer access, the intent of the legislation is to bolster affordability for consumers.

In conclusion, we strongly support the MLR provision in the ACA and believe it is an excellent mechanism to improve consumers' value for their premium dollars. We encourage you to use a rigorous data-driven process to assess whether the MLR requirement will disrupt Michigan's individual and small group insurance market. If you find no evidence of market disruption, then it is imperative that the requirement go into effect on time so that Michigan consumers can benefit from higher value insurance plans and appropriate rebates.

Sincerely yours,



Sander M. Levin
Ranking Member,
Ways and Means Committee
Michigan - 12



John Dingell
Member of Congress
Michigan - 15