

DAVE CAMP, MICHIGAN,
CHAIRMAN

WALLY HERGER, CALIFORNIA
SAM JOHNSON, TEXAS
KEVIN BRADY, TEXAS
PAUL RYAN, WISCONSIN
DEVIN NUNES, CALIFORNIA
PATRICK J. TIBERI, OHIO
GEOFF DAVIS, KENTUCKY
DAVID G. REICHERT, WASHINGTON
CHARLES W. BOUSTANY, JR., LOUISIANA
PETER J. ROSKAM, ILLINOIS
JIM GERLACH, PENNSYLVANIA
TOM PRICE, GEORGIA
VERN BUCHANAN, FLORIDA
ADRIAN SMITH, NEBRASKA
AARON SCHOCK, ILLINOIS
LYNN JENKINS, KANSAS
ERIK PAULSEN, MINNESOTA
KENNY MARCHANT, TEXAS
RICK BERG, NORTH DAKOTA
DIANE BLACK, TENNESSEE
TOM REED, NEW YORK

JON TRAUB,
STAFF DIRECTOR

Congress of the United States

U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS

1102 LONGWORTH HOUSE OFFICE BUILDING
(202) 225-3625

Washington, DC 20515-6348

<http://waysandmeans.house.gov>

SANDER M. LEVIN, MICHIGAN, RANKING MEMBER
CHARLES B. RANGEL, NEW YORK
FORTNEY PETE STARK, CALIFORNIA
JIM MCDERMOTT, WASHINGTON
JOHN LEWIS, GEORGIA
RICHARD E. NEAL, MASSACHUSETTS
XAVIER BECERRA, CALIFORNIA
LLOYD DOGGETT, TEXAS
MIKE THOMPSON, CALIFORNIA
JOHN B. LARSON, CONNECTICUT
EARL BLUMENAUER, OREGON
RON KIND, WISCONSIN
BILL PASCRELL, JR., NEW JERSEY
SHELLEY BERKLEY, NEVADA
JOSEPH CROWLEY, NEW YORK

JANICE MAYS,
MINORITY CHIEF COUNSEL

August 4, 2011

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

Dear Secretary Sebelius,

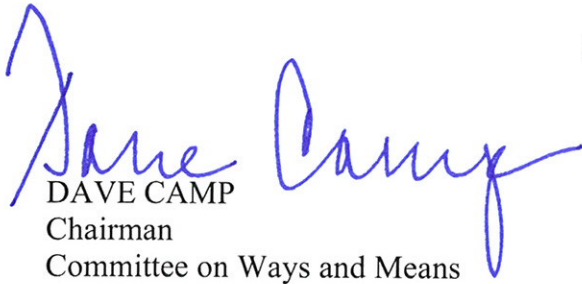
We are writing in support of the State of Michigan's application to waive the medical loss ratio (MLR) requirements for its individual health insurance. According to the Commissioner of Michigan's Office of Financial and Insurance Regulation (OFIR), R. Kevin Clinton, without a waiver from these onerous requirements, Michigan "anticipate[s] significant disruptions in the individual health insurance market" where 340,000 Michiganders receive their health insurance coverage. While approving Michigan's application will not solve the fundamental flaws in the Democrats' health care law, on behalf of Michigan constituents, we believe it is important to voice our strong support for steps that can limit the damage inflicted on consumers as a result of this misguided law.


The federally imposed MLR requirements will reduce consumers' ability to choose the health plan that best meets their needs and risks disrupting the health insurance coverage of tens of thousands of Michigan residents, violating President Obama's pledge that if you like the plan you have, you can keep it. According to OFIR, "there is a reasonably high likelihood," that as many as eight companies in Michigan could leave the market or severely limit their insurance offerings. The Interim Final Rule, *Health Insurance Issuers Implementing Medical Loss Ratio (MLR) Requirements Under the Patient Protection and Affordable Care Act*, establishes a threshold under which a State's waiver application should be approved. Specifically, it requires the Secretary to approve an application if "there is a reasonable likelihood that market destabilization, and thus harm to consumers, will occur."

In Michigan, seven health plans insure almost 90 percent of consumers in the individual insurance market, totaling 305,003 people in 2010. Based on 2010 data, only two of the seven health plans would be able to meet the 80 percent MLR threshold. Combined, the seven plans would have had a net estimated loss of \$30.9 million in 2010 if forced to comply with the MLR requirements. It is unreasonable to believe health plans will continue to offer health insurance in Michigan if this onerous regulation is implemented. Michigan's individual health insurance market will quickly destabilize under this scenario.

While granting Michigan this waiver will not prevent the long-term negative impact the health law will have on Americans' ability to choose their health plan and health care providers, in the short-term it will partially mitigate the disruption caused by MLR. In order to protect as many Michigan residents as possible from losing their current health care plan, we request that you quickly grant Michigan's request for a MLR waiver as you have done in five other states. Thank you in advance for your prompt consideration of Michigan's application.

Sincerely,


DAVE CAMP
Chairman
Committee on Ways and Means


FRED UPTON
Chairman
Committee on Energy and Commerce