Contact: Logan Harrison
Indiana Department of Insurance
Phone 317-234-7734
Fax 317-232-5251
lharrison@idoi.IN.gov

311 W. Washington St., #300
Indianapolis, IN 46204

Indiana Department of Insurance

FOR IMMEDIATE RELEASE

AFTER NEARLY 10% OF INDIVIDUAL INSURANCE CARRIERS WITHDRAW FROM INDIANA MARKET, INSURANCE COMMISSIONER SEEKS WAIVER FROM KEY PART OF FEDERAL HEALTH CARE LAW

INDIANAPOLIS, IN -- Insurance Commissioner Stephen W. Robertson announced today that he is seeking a waiver on behalf of Indiana from the federal Patient Protection and Affordable Care Act's (ACA) 80% minimum medical loss ratio (MLR) for individual, major medical health insurance. MLR is a ratio expressed as the total losses paid out in claims plus adjustment expenses divided by the total earned premiums.

Commissioner Robertson said, "Like the rest of Governor Daniels' administration, our agency continues to fully support the lawsuit filed by Attorney General Greg Zoeller on behalf of our State that challenges ACA's constitutionality, but if it remains the law of the land, I must do everything in my power to protect Hoosiers and the health insurance market from its unintended consequences." The waiver requests relief from the following three main areas that will most dramatically impact Hoosiers' health insurance.

It requests permanent relief from the 80% MLR requirement for consumer driven health plans (CDHPs). CDHPs have higher deductibles than traditional health insurance, but consumers enjoy lower monthly premiums in return. CDHPs encourage individuals to consider the costs of health care when they are younger. In healthy years, individuals can build up their health savings accounts (HSAs) and use these savings to pay for health care when they are older. Currently, Indiana has the fifth highest percentage of CDHPs; 8.1% of the State's population or approximately 360,000 Hoosiers under the age of 65 with private health insurance utilize CDHPs/HSAs.

Robertson said, "Incentivizing consumer driven behavior with health care has been a long standing approach to the health policies of Governor Daniels' administration." Robertson's letter cited the Governor's signature Healthy Indiana Plan (HIP), which is a Medicaid alternative that essentially operates as a CDHP. Robertson's letter also states that nearly 70% of the 29,000 state, non-university employees utilize this type of insurance.

The Commissioner proposed an alternative approach to implement MLR. In 2011, 2012, 2013 and 2014 MLR will be phased-in at 65%, 68.75%, 72.5%, 76.25% and 80%, respectively. The waiver is requested through January 1, 2015 because of the carriers' practices of maintaining the same premium -- typically one year -- for an individual consumer. Effective January 1, 2014, major market changes will significantly increase health insurance premiums, among them: guaranteed issue of individual policies; mandated coverage; merging of the state's high risk pool with the standard market; and implementation of essential benefits. Robertson said, "Relief through 2014 allows for pricing stability so that Hoosiers can budget for their premiums in what will undoubtedly be a volatile year."

In an effort to repair the damage caused by this MLR requirement and inflicted on consumers because of nearly 10% of the insurers fleeing the Indiana individual market, the Commissioner seeks a waiver to encourage re-growth. The waiver seeks exemption for new market entrants through 2014, and defines a new market entrant as a carrier that has not participated in Indiana's individual market in the previous 10 year period. Robertson said, "A phased-in approach of ACA's 80% minimum MLR standard will mitigate some of these consequences, but if HHS denies this waiver, consumers' choices will be further limited and fewer carriers will be inclined to offer CDHPs because of inability to meet MLR."

###