



December 2, 2010

The Honorable Michael McRaith
Illinois Department of Insurance
100 West Randolph Street, Suite 9-301
Chicago, IL 60601-3395

Dear Director McRaith,

On behalf of the Illinois Coalition of Insurance Agents & Brokers, we are writing to formally request the State seek a waiver from the U.S. Department of Health and Human Services (HHS) on the implementation of the medical loss ratio (MLR) requirements in Illinois.

As a member of the NAIC Task Force charged with addressing the issue, you know the NAIC warned federal regulators that the final regulation would need to be adjusted to account for the impact the MLR requirements would have on insurance agents' involvement in the purchase and servicing of health insurance policies in the future. The NAIC did not believe it had the legal authority to act in this area, but indicated that unless HHS made an accommodation for agents' compensation for those services, the NAIC's MLR definitions alone would likely create substantial market disruption and limit consumers' access to professionally licensed and trained benefit specialists.

HHS released the Interim Final Rule on the MLR regulation on November 22. As currently written, the regulation is likely to diminish the role of agents and reduce the number of insurers willing to write health insurance in the individual and small-group markets. The result will be underserved consumers, reduced competition, and disruption of the state's insurance market.

In Illinois, insurance market destabilization has begun to take effect. A couple of insurers have already indicated their intent to exit the individual market and several others have put into place significant reductions in producer commissions.

A diminished role for insurance agents and brokers would deprive consumers and employers of one of the greatest assets and trusted choices they have available. Agents and brokers help consumers find the right health plan that fits their needs, and also navigate the complex health care system. They advocate on consumers' behalf when problems arise, identify cost-saving opportunities and keep consumers informed of new products and changes to the industry that may impact them.

HHS has given states the authority to request a waiver on implementation of MLR. The Illinois Coalition respectfully requests your consideration in seeking a MLR waiver and allow for producer commissions to be removed from the denominator of the calculation for individual and small group policies sold in Illinois. The regulation specifically states that the impact of the MLR standard on agents and brokers will be a factor in considering whether a particular individual market would be destabilized.

Director, we know, through several conversations you have had with our Government Relations Staff, that you are well aware of and committed to finding an equitable resolution to this issue. We believe the most immediate step you could take is to request a waiver for the state of Illinois from HHS to give all insurers more time to address this situation during the transition to full implementation in 2014. Working together, we are confident that we can preserve the vital role of the agent/broker profession in our health care delivery system.

Sincerely,



Todd Henricks
President
IIA of Illinois

Laurie Adams, CFP®
President
NAIFA Illinois

Lou Reginelli
President
ISAHU

CC: The Honorable Michael Madigan
The Honorable John Cullerton
The Honorable Bill Haine
The Honorable Frank Mautino
The Honorable JoAnn Osmond
The Honorable Dave Syverson