



OCT 05 2010



Susan E. Voss
Insurance Commissioner
330 Maple Street
Des Moines, Iowa 50319

Dear Commissioner Voss:

Thank you for your letter of September 21, 2010 in which you requested an adjustment to the 80 percent medical loss ratio (MLR) standard for the individual market required by the Affordable Care Act. This adjustment would phase in the 80 percent loss ratio requirement with Iowa meeting the 80 percent requirement in 2014.

Your letter requests such a determination under Section 2718 (b) (1) (A) (ii) of the Public Health Service Act, as enacted by the Affordable Care Act. That provision permits the Secretary to adjust the minimum MLR standard in a state if she determines that application of the 80 percent standard may destabilize the individual market in the state.

Regulations implementing the provisions of Section 2718 will not be issued until after we have received and evaluated the report of the National Association of Insurance Commissioners (NAIC), who under the Affordable Care Act, are directed to establish definitions and methodologies for certain provisions in Section 2718 subject to the certification of the Secretary. Our regulations will address both those matters subject to certification by the NAIC, and other matters addressed in Section 2718, including the issues relating to a potential adjustment to the medical loss ratio to address market destabilization. We will undertake a review of your request when these regulations have been issued.

Please let us know if you have any questions in the meantime.

Sincerely,



Jay Angoff
Director