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Office

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**Statement of Jay Angoff, Director of HHS's Office of Consumer Information and Insurance Oversight on the Application of Medical Loss Ratio Standards to Certain Health Plans under the Affordable Care Act**

Director of HHS's Office of Consumer Information and Insurance Oversight Jay Angoff today released the following statement regarding the application of Medical Loss Ratio standards to certain health plans, under the Affordable Care Act:

“As many employers and insurers consider health insurance options for 2011, one question that has been raised is the applicability of provisions of the Affordable Care Act to health plans and coverage with special circumstances. HHS remains committed to implementing the law in a way that minimizes disruption to coverage that is available today while also ensuring that consumers receive the benefits the Act provides.

“For example, pursuant to the Affordable Care Act and our regulations, HHS recently announced an expedited process for plans to apply for a waiver from the requirement in the Affordable Care Act establishing minimum annual limits where such limits would result in decreased access or increased premiums. HHS has approved many of these waiver requests, most often filed by so-called “mini-med” plans, and in doing so, has ensured the continuation of health coverage for workers and their families. Complete waiver applications were generally processed in 48 hours.

“More recently, the issue of the applicability of the medical loss ratio requirements to plans such as mini-med plans has come up. HHS has not yet issued regulations implementing the medical loss ratio requirements because the Affordable Care Act tasks the NAIC with first making recommendations to the Secretary.

“Although the NAIC is close to completing its work, we understand that some employers must soon make decisions regarding coverage options for 2011. As such, the Secretary fully intends to exercise her discretion under the new law to address the special circumstances of mini-med plans in the medical loss ratio calculations. According to the Affordable Care Act, medical loss ratio “methodologies shall be designed to take into account the special circumstance of smaller plans, different types of plans, and newer plans.” The Secretary recognizes that mini-med plans are often characterized by a relatively high expense structure relative to the lower premiums charged for these types of policies. We intend to address these and other special circumstances in forthcoming regulations.”

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