



June 25, 2010

*Via email and regular mail*

Mr. Jay Angoff  
Director  
Office of Consumer Information and Insurance Oversight, HHS  
Room 738 G  
HHH Building  
200 Independence Ave, SW  
Washington DC 20201

Re: Ohio's Proposal to Implement a Temporary High Risk Pool Program

Dear Mr. Angoff,

Since the end of April, when Ohio indicated its intent to explore establishing a temporary high risk pool program in Ohio, we have been working diligently to identify and evaluate the best available options to start up a high risk pool in Ohio as soon as possible. I am pleased to report that the State of Ohio will implement a temporary high risk pool and have a complete proposal to you in response to the HHS Solicitation Document on or before Thursday, July 1, 2010.

As you know, Ohio has faced considerable challenges in implementing a high risk pool program because Ohio does not have an existing high risk pool that can be expanded to offer coverage compliant with federal law. In addition, Ohio's existing open enrollment program, which provides coverage to high risk individuals, is not eligible for federal funding. Despite these challenges, Ohio has developed a program that will provide more affordable benefits to Ohioans with pre-existing conditions through a statewide network that is immediately available to provide high quality care. Fortunately, we are able to pursue this temporary high risk pool because we understand that the legal documents governing Ohio's high risk pool program will reflect that the State of Ohio will have no liability in connection with this program.

As a result of a competitive process undertaken by the Department of Insurance, we have determined that Medical Mutual of Ohio has the financial, operational and provider network capacity to start up a high risk pool program as soon as possible. The State of Ohio therefore plans to designate Medical Mutual as the non-profit entity to operate a high risk pool in Ohio. Medical Mutual plans to begin taking applications on August 1 and first have coverage effective on September 1.

We expect Medical Mutual will offer two benefit plans to consumers so that consumers will have a choice of premium and benefit levels. We are finalizing the benefits structure of these two plans and will have them finalized when we submit information in response to the HHS Solicitation Document next week. We plan to provide consumers with a choice so they can

select coverage that best suits their needs. A copy of the benefit plans that we are currently considering is attached as Exhibit A.

As to premium rates, the Department has conducted a survey of the carriers operating in Ohio's individual market to develop standard rates become effective in September. The standard rates will be finalized once the benefit packages will be finalized. Nonetheless, we have calculated standard rates for a plan with a \$2,500 deductible and an actuarial value of 66% of provider charges, and these rates are attached as Exhibit B. Attached as Exhibit C is the methodology used to calculate standard rates, which is consistent with how state high risk pools calculate such rates around the country. This same methodology will be used to calculate standard rates for final benefit plans contained in the Ohio proposal.

In terms of network, Medical Mutual has a comprehensive provider network that serves the entire state of Ohio. This network will give enrollees immediate access to a broad range of in-network health care providers throughout Ohio. Additionally, Medical Mutual will offer an out-of-network benefit that allows enrollees to see any physician, but encourages the most affordable coverage possible. Attached as Exhibit D is information about Medical Mutual's statewide network.

Importantly, Medical Mutual's proposal to Ohio contemplates that administrative expenses will be less than 4% of total program costs, resulting in a 96% medical loss ratio (when compared to total program costs). We are confident that the Ohio proposal will not only provide quality benefits to Ohioans with pre-existing conditions, but the program will be operated as efficiently as any other similar program in the country.

We appreciate the ongoing assistance that your staff has provided to us as we have identified and evaluated options for implementing a high risk pool in Ohio. Thank you for your continuing work to provide affordable health insurance coverage to more Americans.

Best regards,



Mary Jo Hudson  
Director

cc: Rick Chiricosta  
Amy McGee  
Doug Anderson



**MEDICAL MUTUAL OF OHIO**  
YOUR HEALTHCARE PARTNER SINCE 1934

**Ohio High Risk Pool Benefit Design  
\$1,000 Plan**

**EXHIBIT A1 – Working Draft Document**



Base Plan	PPO Network	Non-PPO Network
Benefit Period Deductible	\$1,000	\$2,000
Benefit Period Coinsurance Out-of-Pocket Maximum for Medical Services (Includes deductible and copays)	\$3,000	\$7,000
Coinsurance	80%	50%
Benefit Period	January 1 <sup>st</sup> through December 31 <sup>st</sup>	
<b>Physician/Office Services</b>		
Office Visit (Illness/Injury)	\$30 copay for PCP; \$50 copay for specialist – 100% thereafter	50% after deductible
Urgent Care Office Visit	\$40 copay, 100% thereafter	50% after deductible
<b>Preventive Services</b>		
Routine Medical Exam	Subject to final definition, in accordance with federal law regarding no cost sharing for preventative services	
Well Child Care Services to age nine. Exams and Immunizations are limited to a \$500 maximum per benefit period.		
Well Child Care Exams		
Well Child Care Immunizations & Labs		
Routine Mammogram (one per benefit period)		
Routine Pap Test (one per benefit period)		
Standard Immunizations		
Routine EKG, Chest X-ray, Comprehensive Metabolic Panel, Urinalysis and Complete Blood Count (one each per benefit period)		
<b>Outpatient Services</b>		
Allergy Testing and Treatments	80% after deductible	50% after deductible <sup>1</sup>
Physical Therapy*	80% after deductible	50% after deductible
Occupational Therapy*	80% after deductible	50% after deductible
Speech Therapy*	80% after deductible	50% after deductible
Chiropractic Services*	80% after deductible	50% after deductible
Cardiac Rehabilitation*	80% after deductible	50% after deductible
Emergency Room (deductible waived if admitted)	\$200 copay plus deductible and coinsurance	
Surgical Services	80% after deductible	50% after deductible
Diagnostic Services	80% after deductible	50% after deductible
<b>Inpatient Services</b>		
Semi-Private Room and Board	80% after deductible	50% after deductible
Maternity Services	80% after deductible	50% after deductible
Skilled Nursing Facility (60 days maximum per benefit period)	80% after deductible	50% after deductible
<b>Benefits</b>		
	PPO Network	Non-PPO Network
<b>Additional Services</b>		
Ambulance	80% after deductible	
Durable Medical Equipment	80% after deductible	50% after deductible
Home Health Care*	80% after deductible	50% after deductible <sup>1</sup>
Hospice	80% after deductible	50% after deductible <sup>1</sup>
Organ and Tissue Transplants	80% after deductible	50% after deductible
<b>Mental Health &amp; Substance Abuse</b>		
Inpatient Mental Health and Substance Abuse Services {Covered same as any other illness}	80% after deductible	50% after deductible
Outpatient Mental Health and Substance Abuse Services {Covered same as any other illness}	Office Visit Co-pay of \$50 Other services at 80% after deductible	50% after deductible



Ohio High Risk Pool Benefit Design  
\$1,000 Plan



**EXHIBIT A1 – Working Draft Document**

Prescription Drug – Oral Contraceptives Included	
Retail – 30 Day Supply	\$15 generic; 30% formulary; 60% non-formulary
Home Delivery – 90 Day Supply	\$37.50 generic; 30% formulary; 60% non-formulary
Prescription Drug Benefit Period Out-of-Pocket Maximum (Includes Deductible and Co-Pays)	\$2,950

*Benefits will be determined based on Medical Mutual's medical and administrative policies and procedures. This document is only a partial listing of benefits. This is not a contract of insurance. No person other than an officer of Medical Mutual may agree, orally or in writing, to change the benefits listed here. The contract or certificate will contain the complete listing of covered services. In certain instances, Medical Mutual's payment may not equal the percentage listed above. However, the covered person's coinsurance will always be based on the lesser of the provider's billed charges or Medical Mutual's negotiated rate with the provider.*

Deductible expenses incurred for services by a network provider will only apply to the network deductible. Deductible expenses incurred for services by a non-network provider will only apply to the non-network deductible.

The coinsurance for non-contracting institutional providers will be the same coinsurance percentage as the non-network provider. However, you may be subject to balance billing by the non-contracting provider.

The proposed course of treatment for organ/tissue transplants must be pre-determined and approved by a Medical Mutual case manager (except for corneal transplants.) Failure to contact the case manager prior to the proposed course of treatment (including the evaluation) will result in a significant monetary penalty. Refer to your certificate for details.

<sup>1</sup>Coinsurance does not apply to coinsurance out-of-pocket maximums. These services will not be covered at 100% once Coinsurance out-of-pocket maximums are met.

\*Subject to final definition, in accordance with federal law regarding limit provisions.



## Ohio High Risk Pool Benefit Design \$2,500 Plan



**EXHIBIT A2 – Working Draft Document**

Base Plan	PPO Network	Non-PPO Network
Benefit Period Deductible	\$2,500	\$5,000
Benefit Period Coinsurance Out-of-Pocket Maximum for Medical Services (Includes deductible and copays)	\$4,950	\$7,000
Coinsurance	80%	50%
Benefit Period	January 1 <sup>st</sup> through December 31 <sup>st</sup>	
<b>Physician/Office Services</b>		
Office Visit (Illness/Injury)	\$30 copay for PCP; \$50 copay for specialist – 100% thereafter	50% after deductible
Urgent Care Office Visit	\$40 copay, 100% thereafter	50% after deductible
<b>Preventive Services</b>		
Routine Medical Exam	Subject to final definition, in accordance with federal law regarding no cost sharing for preventative services	
Well Child Care Services to age nine. Exams and Immunizations are limited to a \$500 maximum per benefit period.		
Well Child Care Exams		
Well Child Care Immunizations & Labs		
Routine Mammogram (one per benefit period)		
Routine Pap Test (one per benefit period)		
Standard Immunizations		
Routine EKG, Chest X-ray, Comprehensive Metabolic Panel, Urinalysis and Complete Blood Count (one each per benefit period)		
<b>Outpatient Services</b>		
Allergy Testing and Treatments	80% after deductible	50% after deductible <sup>1</sup>
Physical Therapy*	80% after deductible	50% after deductible
Occupational Therapy*	80% after deductible	50% after deductible
Speech Therapy*	80% after deductible	50% after deductible
Chiropractic Services*	80% after deductible	50% after deductible
Cardiac Rehabilitation*	80% after deductible	50% after deductible
Emergency Room (deductible waived if admitted)	\$200 copay plus deductible and coinsurance	
Surgical Services	80% after deductible	50% after deductible
Diagnostic Services	80% after deductible	50% after deductible
<b>Inpatient Services</b>		
Semi-Private Room and Board	80% after deductible	50% after deductible
Maternity Services	80% after deductible	50% after deductible
Skilled Nursing Facility (60 days maximum per benefit period)	80% after deductible	50% after deductible
<b>Benefits</b>		
	PPO Network	Non-PPO Network
<b>Additional Services</b>		
Ambulance	80% after deductible	
Durable Medical Equipment	80% after deductible	50% after deductible
Home Health Care*	80% after deductible	50% after deductible <sup>1</sup>
Hospice	80% after deductible	50% after deductible <sup>1</sup>
Organ and Tissue Transplants	80% after deductible	50% after deductible
<b>Mental Health &amp; Substance Abuse</b>		
Inpatient Mental Health and Substance Abuse Services {Covered same as any other illness}	80% after deductible	50% after deductible
Outpatient Mental Health and Substance Abuse Services {Covered same as any other illness}	Office Visit Co-pay of \$50 Other services at 80% after deductible	50% after deductible



**MEDICAL MUTUAL OF OHIO®**  
YOUR HEALTHCARE PARTNER SINCE 1934

**Ohio High Risk Pool Benefit Design  
\$2,500 Plan**

**EXHIBIT A2 – Working Draft Document**



Prescription Drug – Oral Contraceptives Included	
Prescription Drug Benefit Period Deductible	\$150 Brand Name Drugs
Retail – 30 Day Supply	\$15 generic; \$40 formulary; \$60 non-formulary
Home Delivery – 90 Day Supply	\$37.50 generic; \$100 formulary; \$150 non-formulary
Prescription Drug Benefit Period Out-of-Pocket Maximum (Includes Deductible and Co-Pays)	\$1,000

*Benefits will be determined based on Medical Mutual's medical and administrative policies and procedures. This document is only a partial listing of benefits. This is not a contract of insurance. No person other than an officer of Medical Mutual may agree, orally or in writing, to change the benefits listed here. The contract or certificate will contain the complete listing of covered services. In certain instances, Medical Mutual's payment may not equal the percentage listed above. However, the covered person's coinsurance will always be based on the lesser of the provider's billed charges or Medical Mutual's negotiated rate with the provider.*

Deductible expenses incurred for services by a network provider will only apply to the network deductible. Deductible expenses incurred for services by a non-network provider will only apply to the non-network deductible.

The coinsurance for non-contracting institutional providers will be the same coinsurance percentage as the non-network provider. However, you may be subject to balance billing by the non-contracting provider.

The proposed course of treatment for organ/tissue transplants must be pre-determined and approved by a Medical Mutual case manager (except for corneal transplants.) Failure to contact the case manager prior to the proposed course of treatment (including the evaluation) will result in a significant monetary penalty. Refer to your certificate for details.

<sup>1</sup>Coinsurance does not apply to coinsurance out-of-pocket maximums. These services will not be covered at 100% once Coinsurance out-of-pocket maximums are met.

\*Subject to final definition, in accordance with federal law regarding limit provisions.

Exhibit B  
Ohio High Risk Pool Program  
Reference Standard Rates

**\$2500 Deductible Plan - Plan Value 66%**

AGE	Non-Smoker	Smoker
0	\$189	\$189
1	\$145	\$145
2	\$110	\$110
3	\$101	\$101
4-12	\$97	\$97
13	\$105	\$105
14	\$106	\$106
15	\$108	\$108
16	\$109	\$109
17	\$110	\$110
18	\$116	\$151
19	\$124	\$161
20	\$125	\$162
21	\$126	\$163
22	\$128	\$166
23	\$131	\$170
24	\$134	\$174
25	\$137	\$178
26	\$141	\$182
27	\$144	\$187
28	\$149	\$194
29	\$154	\$200
30	\$160	\$207
31	\$166	\$216
32	\$173	\$224
33	\$178	\$231
34	\$183	\$238
35	\$188	\$244
36	\$192	\$250
37	\$198	\$257
38	\$204	\$266
39	\$212	\$275
40	\$218	\$291
41	\$223	\$298
42	\$229	\$306
43	\$237	\$317
44	\$246	\$328
45	\$255	\$341
46	\$265	\$355
47	\$275	\$368
48	\$286	\$383
49	\$298	\$399
50	\$310	\$415
51	\$323	\$432
52	\$336	\$449
53	\$349	\$467
54	\$363	\$486
55	\$379	\$515
56	\$392	\$533
57	\$408	\$554
58	\$426	\$579
59	\$446	\$606
60	\$470	\$638
61+	\$490	\$638

Geographic Area Factors by County				
0.94	0.98	1.00	1.06	1.10
Athens	Belmont	Adams	Ashtabula	Allen
Champaign	Butler	Ashland	Cuyahoga	Auglaize
Clark	Coshocton	Brown	Delaware	Paulding
Darke	Crawford	Carroll	Erie	Putnam
Fairfield	Defiance	Clermont	Fulton	Van Wert
Fayette	Guernsey	Clinton	Geauga	
Franklin	Hamilton	Columbiana	Hancock	
Greene	Monroe	Gallia	Hardin	
Hocking	Morgan	Harrison	Henry	
Knox	Muskingum	Highland	Huron	
Licking	Noble	Holmes	Lake	
Logan	Perry	Jackson	Lorain	
Madison	Richland	Jefferson	Lucas	
Marion	Warren	Lawrence	Mercer	
Meigs		Mahoning	Ottawa	
Miami		Medina	Sandusky	
Montgomery		Pike	Seneca	
Morrow		Portage	Summit	
Pickaway		Scioto	Williams	
Preble		Stark	Wood	
Ross		Trumbull	Wyandot	
Shelby		Tuscarawas		
Union		Vinton		
Washington		Wayne		

Ratio 61+ to 19      4.0      4.0

Exhibit C  
State of Ohio High Risk Pool  
Standard Rate Calculation Methodology

The following is the methodology for calculating standard rates.

- The methodology used to develop reference plans for initial calculation of standard rates was as follows:
  - Plan designs offered by Ohio's four largest carriers in the individual market were reviewed, with a focus on comprehensive plans. All of the companies offer \$1,500 and \$2,500 deductible plans with 80% coinsurance. Those plans designs were used as a reference point to develop a representative plan for the high risk pool. The initial calculation of standard rates corresponds to a plan that would be in the 65% to 68% plan value range and meet the requirements of the federal law.
  - For providing initial information about standard rates, two plan designs were developed that both have a plan value of approximately 66%. One has separate out of pocket maxes for medical and drug, and the other has the two combined under one out of pocket max, both max at \$5,950. None of the carrier plans include maternity, but maternity coverage will be included in Ohio's high risk pool coverage. Both have a \$2,500 deductible, but there are a few variations between them, in the copays, preventive care, emergency room, and so forth.
  - With these plan designs, standard risk rates were developed, which would be the same for either plan since they have the same value.
- The methodology used to calculate standard rates for the reference plans was as follows:
  - For each of the four carriers, the plan value of their \$1500 and \$2500 deductible plans was calculated. In all cases, the \$1500 deductible value was closest to the value of the preliminary high risk pool plan design, so those were used for the rate development.
  - The \$1,500 deductible plan standard rates for each of the carriers were developed, using the rate tables and factors the carriers had provided. Adjustments were made for the plan design value differences, which were small. Each carrier's rates were adjusted to a statewide average, since all the carriers use geographic rating. The rates were trended to the midpoint of the high risk pool plan year, assuming September 1 as the start date for the pool. For trending, trend rates given by the carriers were used, which ranged from 10% to 21%.
  - The adjusted rates of the four carriers were averaged, using a simple average.
  - The rates were tested for the 4:1 age ratio and the ratio was not met, so the rates for age 60 and up were adjusted to meet the requirement. Based on a typical high risk pool age distribution, this adjustment resulted in a loss of revenue of 1.8%, so all rates were increased by that amount to make the adjustment revenue neutral.
  - The smoker rates were tested to make sure they comply with the 150% maximum requirement. The smoker loads range from 1.30 to 1.36, increasing by age.
  - The geographic factors by county were normalized (forcing them to average 1.00) for the four carriers and the factors were averaged across the carriers. The counties with similar average factor ranges were grouped, which produced five logical county groupings with factors of 0.94, 0.98, 1.00, 1.06 and 1.10.

Standard rates for the final benefit packages to be offered by Ohio's high risk pool will be calculated in accordance with this methodology.

Exhibit D  
Ohio High Risk Pool Program  
Medical Mutual's Provider Network

The following is a description of the Medical Mutual provider network that will be used in connection with Ohio's high risk pool program, with a chart showing network provider counts by county in Ohio.

Our proprietary network, SuperMed, offers access to one of the most comprehensive networks of doctors and hospitals in the state of Ohio. The strong, favorable relationship we hold with providers across the state is a clear competitive advantage. The SuperMed Network consists of more than:

- 195 hospitals
- 11,000 primary care physicians
- 29,000 specialists

Facilities join the SuperMed Network after an extensive quality review of state licensure, Joint Commission on Accreditation of Healthcare Organizations and Medicare accreditation, patient satisfaction surveys, infection rates and morbidity/mortality levels. Our physician selection process is based on objective and quantifiable performance data that addresses both price and utilization of healthcare services.

Primary features that make the SuperMed Network the network of choice in Ohio include:

- Members have access to a wide range of primary care and specialty services – from neonatal intensive care to cardiovascular services, neuroscience and cancer treatment
- Members can self-refer within the network when obtaining services
- Providers are required to submit all claim forms on behalf of the member
- Members are protected from balance billing
- Benefits are also available from non-network physicians and hospitals (subject to a non-network copayment)

Outside of Ohio, Medical Mutual ensures substantial access to high quality network providers integrated with the same superior administrative services members expect when receiving care in Ohio.

Members will have access to 2,200 pharmacies in Ohio and 53,000 pharmacies nationwide. They will also have access to industry-leading mail-order pharmacies that provide a reliable, convenient alternative to retail pharmacies and may be less expensive for obtaining long-term medications. In many cases, mail-order pharmacies include the ability to receive up to 90 days of medication with each prescription.

A SuperMed Network of Healthcare Providers report that substantiates our access across Ohio is included.

## The SuperMed Network of Providers in Ohio

COUNTY	Primary Care Physician		Specialist		Hospital	
	SuperMed	Universe*	SuperMed	Universe*	SuperMed	Universe*
Adams	20	32	52	64	1	1
Allen	102	139	268	487	4	4
Ashland	42	42	75	122	1	1
Ashtabula	117	117	246	400	3	3
Athens	76	103	175	261	2	2
Auglaize	36	44	126	150	1	1
Belmont	56	91	85	164	3	3
Brown	26	42	142	142	2	2
Butler	302	327	909	1250	6	6
Carroll	24	33	36	46	0	0
Champaign	31	31	73	102	1	1
Clark	100	103	227	308	2	2
Clermont	97	166	346	406	1	1
Clinton	73	73	126	147	1	1
Columbiana	77	94	296	397	2	2
Coshocton	22	26	69	87	1	1
Crawford	33	49	101	136	2	2
Cuyahoga	1510	1921	4274	5989	17	17
Darke	27	31	137	181	1	1
Defiance	31	42	127	213	3	3
Delaware	121	137	453	640	1	1
Erie	76	85	225	292	2	2
Fairfield	124	132	328	415	2	2
Fayette	31	31	74	109	1	1
Franklin	1201	1294	2858	4154	11	11
Fulton	32	46	140	196	2	2
Gallia	48	49	92	105	0	1
Geauga	128	158	212	331	1	1
Greene	132	143	387	519	1	1
Guernsey	29	35	111	166	1	1
Hamilton	1012	1220	2293	3559	12	12
Hancock	71	71	251	318	3	3
Hardin	21	31	54	78	1	1
Harrison	11	15	13	26	1	1
Henry	15	26	55	85	1	1
Highland	44	55	88	118	2	2
Hocking	17	20	59	78	1	1
Holmes	20	27	73	100	1	1
Huron	48	61	103	173	2	2
Jackson	45	73	89	120	0	1
Jefferson	44	69	111	189	2	2
Knox	33	33	116	160	1	1
Lake	218	285	644	908	2	2
Lawrence	30	43	67	109	1	1
Licking	145	145	310	390	3	3
Logan	25	36	103	162	1	1
Lorain	266	266	691	913	6	6
Lucas	432	471	1161	1472	9	9
Madison	23	33	62	102	1	1
Mahoning	229	295	890	1194	4	5
Marion	61	61	166	227	2	2
Medina	127	148	490	656	3	3

## The SuperMed Network of Providers in Ohio

COUNTY	Primary Care Physician		Specialist		Hospital	
	SuperMed	Universe*	SuperMed	Universe*	SuperMed	Universe*
Meigs	21	24	30	46	0	0
Mercer	21	30	81	127	1	1
Miami	52	53	243	320	1	1
Monroe	6	12	20	30	0	0
Montgomery	518	623	1122	1623	9	9
Morgan	9	11	25	37	0	0
Morrow	12	14	63	87	1	1
Muskingum	96	96	176	239	2	3
Noble	4	4	4	4	0	0
Ottawa	26	32	81	113	1	1
Paulding	9	19	34	74	1	1
Perry	20	25	38	54	0	0
Pickaway	55	55	140	203	1	1
Pike	26	35	46	62	1	1
Portage	92	124	401	533	1	1
Preble	18	23	38	73	0	0
Putnam	22	24	82	130	0	0
Richland	120	121	286	420	2	2
Ross	74	160	216	409	1	1
Sandusky	51	56	186	186	3	3
Scioto	52	67	122	175	2	2
Seneca	24	58	122	200	1	1
Shelby	30	31	99	162	1	1
Stark	338	421	855	1226	5	5
Summit	589	610	1590	2033	9	12
Trumbull	153	183	567	637	3	2
Tuscarawas	69	92	175	251	2	2
Union	53	53	108	144	1	1
Van Wert	17	25	102	159	1	1
Vinton	7	7	13	16	0	0
Warren	190	215	486	748	2	2
Washington	71	90	106	168	2	2
Wayne	89	102	239	352	2	2
Williams	33	39	75	110	2	2
Wood	98	108	307	421	1	1
Wyandot	14	18	51	78	1	1
<b>Totals</b>	<b>10740</b>	<b>12760</b>	<b>28988</b>	<b>40766</b>	<b>195</b>	<b>201</b>

\* Universe represents all providers available Ohio