Dora
Department of Regulatory Agencies

Division of Insurance
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Commissioner of Insurance

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Executive Director

Representative Cory Gardner
Congress of the United States
House of Representatives
213 Cannon House Office Building
Washington, D.C., 20515

January 14, 2014

Dear Representative Gardner:

Thank you for your letter regarding Coloradans who received healthcare policy cancellations. Let us confirm at the outset that we share your interest in securing "the most accurate data possible" and your commitment to the people of Colorado. The Division's concern has been to ensure that Colorado consumers previously covered by health insurance would not go uncovered as a result of the implementation of the Affordable Care Act (ACA), and that these consumers were made aware of their available options.

Over the last several months, the Division of Insurance (Division) has collected data showing the number of Coloradans who received health insurance cancellation notices. As open enrollment continued through the fall, the numbers provided by the carriers changed. We continued our research on various issues, including cancellation notices and early renewal offers, and developed a more consistent interpretation of "cancellation." The Division believes it is useful to distinguish between cancellations with renewal options and those without.

Although not specifically required by law, after receiving notice of a carrier's intentions or requests with respect to cancelled policies, we ask the carrier to provide the number of covered lives that will be affected by the cancellations. With the widespread changes occurring within the individual and small group insurance marketplaces as of January 1, 2014, we felt it was important to gather as much information on cancellations as possible, and did this by reaching out directly to the carriers.

On November 6, the Division issued a news release stating that 249,199 people with individual or small group coverage were affected by cancellation notices - 106,083 with individual coverage, 143,116 in small groups. Following this news release, the Division wanted to research the number of people who received cancellation notices and who also had the option for early renewal. By choosing the early renewal option, consumers could maintain their current policy for another 12 months. As the Division reviewed the early renewal information, certain carriers notified us that they had not provided us with the most up to date number of cancellations, and over the month, the number increased.

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As of the end of November, carriers reported 326,587 people with individual or small group coverage were affected by cancellation notices. While it was important to compile data regarding the broader impact of the cancellations, in order to better manage the impact through actual policy cancellations, we felt it was important to distinguish between cancellations that included renewal options and those that did not. We determined that the number of consumers offered the option of early renewal was 314,086; meaning 96% were offered the option to keep their plan for another 12 months. This was highlighted in our December 3 news release. We also worked with the insurance carriers in their efforts to contact consumers to make sure they understood this option.

Senator Udall's staff was doing their own research separate and apart from the Division, and brought certain information to our attention, including the fact that carriers were sending notices that included renewal options. Moreover, we think the Senator's efforts were useful.

As of January 13, 2014, carriers reported 335,484 people with individual or small group coverage were affected by cancellation notices. Ninety-two percent, or 308,840 people, were offered the opportunity of early renewal. As of January 1, 2014, the option for early renewal of a 2013 plan is no longer available.

We compiled the cancellation and renewal data through a review of the cancellation filings submitted to the Division, via the database of the National Association of Insurance Commissioners (NAIC), and by calling carriers to confirm the information they had submitted.

Carriers began sending cancellation notices in July 2013, and continued into September and October. As required by the Colorado law, carriers terminating a plan must provide notice to members at least 90 days in advance of the termination. If the carrier is leaving the market, it must provide notice within 180 days, and under state law, is to remain out of the Colorado market, or the particular market segment, for five years.

The Division appreciates the opportunity to answer your questions and offer further clarification. I hope this information is helpful and please let me know if I can be of further assistance.

Sincerely,

Marguerite Salazar
Colorado Insurance Commissioner

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