



May 14, 2021

Via E-mail to: MSPortnoy@aetna.com and WingleP@Aetna.com

Mr. Michael Portnoy
Regional General Counsel
Aetna
333 West Wacker Drive
Chicago, IL 60606

Mr. Paul Wingle
Vice President, Consumer Solutions
Aetna
151 Farmington Avenue
RE11
Hartford, CT 06156

Re: No Action Letter Request of April 12, 2021

Dear Mr. Portnoy and Mr. Wingle:

I am in receipt of your request for a no action Letter dated April 12, 2021. In that letter, you asked the Department of Commerce and Insurance (“Department”) to issue a no action Letter to Aetna Life Insurance Company (“ALIC”) stating that the Department will not take action against ALIC for violating section 376.454.4(2), RSMo, by re-entering the individual market in Missouri in plan year 2022.

In 2017, ALIC provided to the Department notice of its intention to withdraw from the individual market in Missouri effective December 31, 2017. A copy of this letter, was filed through the System for Electronic Rate and Form Filing (SERFF) under AETN-131051154. In that notice, ALIC acknowledged that under the provisions of section 376.454.4, RSMo, when an issuer chooses to “discontinue offering all health insurance coverage in the individual market in the state,” the carrier is prohibited from issuing new coverage in the market for a period of five years. Under this requirement, ALIC would be prohibited from issuing new coverage in the individual market until plan year 2023.

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In the request for a no action Letter, ALIC asserts that a primary reason to allow re-entry into the individual market one year early, in plan year 2022, is increasing competition and consumer choice for Missourians. The individual market in Missouri has seen a slight increase in the amount of competition over the past four plan years, beginning with plan year 2018, the first year the DCI had rate review authority. That year, there were only four carriers in the individual market, the vast majority of Missouri counties had only one carrier offering individual coverage, and the highest number of competing carriers in any single county was two. In 2019, there were also only four carriers offering coverage in the individual market, but the number of counties with competing carriers offering coverage declined from the previous year. Plan year 2020 saw increased stabilization in the individual market and an increase in the number carriers participating in the individual market, with seven carriers in the market and 37 counties with more than one carrier offering coverage. In plan year 2021 a total of eight carriers are participating in the individual market. Generally we've seen more stabilization of rates in the individual market with the entry of more carriers into the market. The addition of ALIC to the individual market will continue to increase competition in more Missouri counties and we would expect to see additional stabilization of rates as a result of the entry of another carrier into the market.

ALIC has made assurances in writing to the Department that the company will comply with all Missouri mandates if it is to re-enter the individual market in the state for plan year 2022. Furthermore, the company has also committed to working closely with the Division of Consumer Affairs to ensure the protection of Missouri consumers.

ALIC- like all of its competitors in the individual and small group comprehensive health insurance markets - will be obligated under federal law to issue new coverage in Missouri on a guaranteed issue basis. This federal requirement provides more than sufficient protection to consumers to prevent the company from "cherry-picking" the healthiest consumers. One of the primary policy reasons behind the five year ban on re-entry for carriers who discontinue all of their plans in a particular market when enacted was to prevent carriers from dumping a book of high-risk enrollees in favor of lower-risk enrollees. Due to the federal guaranteed issue requirement, this policy reason is less important today than when it was enacted. In contrast, Missouri's individual health insurance market has been highly concentrated for many years, leaving many Missourians with few or no choices of carriers offering coverage in the market. Increasing the number of carriers in the market increases competition and reduces market concentration, giving consumers the ability to choose their carrier and the coverage that is the most suited to their needs.

For all of these reasons, I have determined that it is in the best interests of Missouri consumers to issue this no-action letter, waiving the last year of ALIC's five-year

prohibition on issuing coverage in the individual market in Missouri, as described in section 376.454, RSMo. As long as there is no change in any material fact or law or the discovery of a material misrepresentation or omission made by ALIC with regard to this request for a no-action letter, the Department of Commerce and Insurance will not bring an enforcement action under section 374.046, RSMo against ALIC for violation of section 376.454.4(2), RSMo. Nothing in this no-action letter shall prevent the Department from taking any future enforcement action relating to the financial condition of ALIC, or in connection with the violation of any other laws aside from those specifically identified herein.

Sincerely,



Chlora Lindley-Myers
Director

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