

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6315

NOTICE OF HEARING
December 15, 2011
10:00 A.M. 2360 Rayburn House Office Building

TO: Members, House Small Business Subcommittee on Investigations, Oversight and Regulations

FROM: Mike Coffman, Chairman

DATE: Thursday, December 8, 2011

The House Small Business Subcommittee on Investigations, Oversight and Regulations will meet for a hearing titled, *New Medical Loss Ratios: Increasing Health Care Value or Just Eliminating Jobs?* The hearing is scheduled to begin at **10:00 A.M. on December 15, 2011 in Room 2360 of the Rayburn House Office Building.**

The Patient Protection and Affordable Care Act (PPACA) and its regulations require health insurance companies to devote a minimum percentage of the premium dollars to health care services and activities that improve health care quality. This percentage is called the Medical Loss Ratio (MLR). Insurers must spend a minimum of 80% of the premiums of individual and small group market customers on medical claims and no more than 20% on administrative expenses, or pay rebates to their policyholders beginning in 2012.

Under PPACA and its regulations, insurance agent commissions are considered to be administrative expenses. Insurance agents believe classifying them as such will cause insurance companies to reduce their commissions to improve their MLRs.

Some have argued that the MLR requirements will ensure that customers receive the most value for their premium dollars. Insurance agents, many of whom are small business owners and whose customers are often small businesses, believe that the MLR requirements may lead to lower levels of customer service and consolidation in the industry.

A staff briefing will be held on Monday, December 12, 2011 at 2:00 P.M. in Room 2360 of the Rayburn House Office Building.

If you or your staff has questions, please contact Jan Oliver of the Committee's staff at x55821.