



# COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

**Eloy S. Inos**  
Governor

**Jude U. Hofschneider**  
Lieutenant Governor

October 23, 2013

The Honorable Kathleen Sebelius  
Secretary  
US Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

Subject: **ACA Market Reform & EHB Extension Request**

Dear Secretary Sebelius:

Hafa Adai!

The CNMI appreciates your Department's partnership in affording our jurisdiction the ability to develop an effective rate review process and provide consumer outreach and education. However, the CNMI has concerns with provisions contained within the Patient Protection & Affordable Care Act (PPACA). While, the CNMI fully anticipates implementing the various market reforms ACA mandates, we are not in a position to fully implement all the reforms under current timeframes prescribed in the ACA and promulgated regulations.

Upon implementation of the ACA, there was a great deal of confusion of the law's applicability to the US Territories. There has also been minimal effort to account for the unique market dynamics in the Territories relative to market size, remoteness, access to developed health care delivery systems, and industry governance.

The CNMI is ill prepared to implement the standards required by the ACA. As evidenced by the US Department of Health & Human Services application of the Blue Cross/Blue Shield benefit standard as the Essential Health Benefit (EHB) plan for our jurisdiction, the CNMI is ill prepared to implement the standards required by the ACA. Although your office requested a CNMI prescribed EHB prior to the assignment of the current EHB plan, the jurisdiction had no financial

assistance to conduct the appropriate studies for the development of a sustainable and affordable EHB plan for consideration by DHHS.

As noted in previous communication to your department, the CNMI has elected not to participate in the Health Insurance Exchange (HIE). As a result, the CNMI's allocation of \$9 million will go towards increases in Medicaid. While the jurisdiction is appreciative with the additional funds for the Medicaid program, the concern is the ability of the CNMI to sustain the matching requirement and the impact that the expansion of the Medicaid consumer base will have on the private insurance marketplace. One of the primary reasons for the CNMI's election not to participate in the Exchange was due to the lack of applicability for the Individual & Employer Mandate in the CNMI.

The absence of the application of the Individual and employer mandate in our jurisdiction creates a dynamic which brings potential instability to our market place. As there is no penalty to compel individuals and employers in the CNMI to purchase health insurance, carriers operating within our jurisdiction face the potential of adverse selection from the uninsured population. While the CNMI has the ability to impose a state level program similar to the individual & employer mandate contained in the ACA, it will require additional time for our jurisdiction to implement it.

It is imperative that the CNMI continue to work closely with the carriers in our jurisdiction to ensure that our sensitive marketplace is not further disrupted by the uncertainties presented as a result of the ACA. As such, I am asking for consideration for the delay of the implementation of the provisions relevant to market reforms and the EHB until such a time that our jurisdiction can put the proper regulatory controls in place to fully implement the statutory requirements.

Sincerely,



ELOY S. INOS  
Governor