



# Department of Commerce

Commonwealth of the Northern Mariana Islands  
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To: Health Insurance Carriers and Stakeholders

From: Insurance Commissioner

Subject: Strategies for limiting adverse selection and protecting the CNMI insurance industry

Many provisions of the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA), commonly known as the Affordable Care Act (ACA), that are designed to promote expanded, affordable health coverage became effective beginning in 2014. Unfortunately however, most of these provisions, including provisions for shared responsibility for employers regarding health coverage, coverage to be offered by State Exchanges, premium tax credits to assist individuals in purchasing coverage through State Exchanges, and related provisions, do not extend to the CNMI. Strict new rules on the health insurance industry, the market reforms, extend to the territories, creating an imbalance will likely negatively affect the CNMI health insurance industry. Though the CNMI has been working diligently to pass legislation both implementing and tempering these health insurance market reforms, while Governor Inos has requested a delay on implementing the reforms, reforming healthcare in the CNMI requires a more proactive approach if we are to keep our insurance industry healthy.

While waiting for the Department of Health and Human Services and US Congress to either delay implementation of the ACA market reforms, or extend all ACA provisions to the territories, or some combination of the two, the CNMI has decided to take action now to make the ACA an opportunity to improve the CNMI's healthcare system. We have the opportunity to tailor the ACA to suit the CNMI and as a part of the process of improving healthcare reform in our territory, the CNMI Department of Commerce is looking into strategies to limit adverse selection to protect the CNMI health insurance industry from collapse.

## I. PURPOSE

This request for comments is intended to initiate and inform the process of developing and incorporating into statute, provisions preventing the abuse of the consumer protections created by the ACA and fostering a healthy environment for health insurance companies to grow.