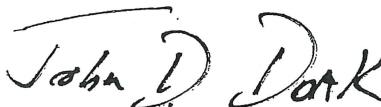


**Recommendation Form for the
2015 Transition to Employee Choice
Due to HHS June 2, 2014 for FF-SHOP States**

Instructions: Please fill out the following form and attach your recommendation for a one year transition to employee choice including an evidence-based assessment of the full landscape of the small group market in your State.

State: Oklahoma

Insurance Commissioner (signature):



**John D. Doak, Commissioner
Oklahoma Department of Insurance**

Please adequately explain that it is in your expert judgment, based on a documented assessment of the full landscape of the small group market in your State that the 2015 Transition to Employee Choice would be in the best interest of small employers and their employees and dependents, given the likelihood that implementing employee choice would cause issuers to price their products and plans higher than they would otherwise price them. Please base your recommendation on discussions with those issuers expected to participate in the SHOP, including naming those issuers, and keep your recommendations specific to 2015 since this is a one year transitional policy.

See Attached Letter



Oklahoma Insurance Department
State of Oklahoma

Via electronic mail delivery to shop@cms.hhs.gov

May 30, 2014

Kathleen Sebelius, Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

Dear Secretary Sebelius:

It is, in my expert judgment and based upon discussions with QHP issuers who indicate their intentions to participate in the Oklahoma FF-SHOP in 2015 that a delay of the SHOP employee choice model is in the best interest of small employers, their employees and families in Oklahoma.

This recommendation is based on discussions with three of the QHP's that are expected to participate in the 2015 FF-SHOP in Oklahoma. These companies are: 1) Blue Cross Blue Shield of Oklahoma, 2) Aetna and 3) Global Health. Each of these companies indicated that rates would be increased if employee choice was adopted. One of the companies indicated that they would expect an approximate six percent (6%) higher medical cost would result in the SHOP if employee choice was allowed. Another company did not specifically cite a rate increase but indicated that they would be following the guidance of the Oliver Wyman Study in concert with their in-house actuarial estimate pointing to a 2-4% increase. The third company made a reference to short term rate increases in their book of business.

While these increases are associated with the likelihood of adverse selection, each of the companies additionally cited that the SHOP Employee Choice model would add another layer of complexity to their administrative processes and these costs that would be passed along to the consumer. Equally important is the level of consumer confusion the companies believe would be exacerbated with implementation of the model in 2015.

We share the concerns raised by the issuers and the impact that they will have on small employers and their employees and dependents that are seeking to participate in the FF-SHOP. I am therefore petitioning HHS to implement the 2015 Transition to Employee Choice for the

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May 30, 2014
Kathleen Sebelius, Secretary

Federally-facilitated SHOP servicing Oklahoma. Rate increases, operational difficulties and an uncertain environment demonstrate the need for a transition year giving both the federal government and states adequate time to implement and test systems needed to implement employee choice and avoid significant confusion and hardship in the marketplace.

Sincerely,

A handwritten signature in black ink that reads "John D. Doak". The signature is written in a cursive, slightly slanted style.

John D. Doak, Commissioner
Oklahoma Department of Insurance

Cc: Mary Fallin, Governor, State of Oklahoma
Mike Rhoads, Deputy Commissioner, Oklahoma Department of Insurance