

April 23, 2014

Dr. Mandy Cohen
Interim Director
Center for Consumer Information and Insurance Oversight
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Dr. Cohen:

We are writing on behalf of the members of the National Association of Insurance Commissioners (NAIC) to update you on recent NAIC activities related to network adequacy and encourage the Center for Consumer Information and Insurance Oversight (CCIIO) to continue to base federal network adequacy requirements on NAIC recommendations.

This letter is meant to follow-up on issues raised in the March 5 letter from NAIC Chief Executive Officer Senator Benjamin Nelson. State regulators remain concerned over CCIIO's expressed desire to increase federal scrutiny of plans' provider networks, which will add an additional layer of review and duplicate much of the work of states. We believe prescriptive federal regulation of network adequacy standards will lead to conflicting standards between state and federal requirements and that network adequacy regulation will be most effective at the state level where the needs of consumers, the cost of care, and the standards of the area, can best be evaluated.

On Monday, March 10, 2014, the NAIC Regulatory Framework (B) Task Force took the first step in modernizing the NAIC network adequacy model law by creating a subgroup to review the *Managed Care Network Adequacy Model Act*. This model is currently used by most states as their benchmark for network adequacy, and is currently referenced in federal regulation and guidance as the standard for federal review where state regulations do not exist. The NAIC subgroup will reach out to all stakeholders and utilize the NAIC's open process to develop recommendations for revising the model. We invite CCIIO to participate in this process, and expect that this process will lead all participants to a better understanding of the issues surrounding network adequacy. Ultimately, we hope that any federal standard meets the goals set forth in the preamble of the current regulation by striking "the appropriate balance between assuring access for consumers and recognizing the historical flexibility and responsibility given to States in this area."

State regulators acknowledge the need to update the network adequacy model given the changes in the marketplace, and many commissioners have expressed concerns about some of the networks being used by Qualified Health Plans. Issues of access and network adequacy are becoming increasingly critical. In the end, however, we are confident that state regulators are best positioned to balance cost, access, and geographic considerations when developing appropriate network adequacy standards in the states. A one-size-fits-all national standard would not benefit consumers or the carriers.

Before CCIIO considers any changes to the current federal requirements, we ask that you allow the NAIC time to thoughtfully analyze this issue, and that you continue to look to the NAIC for guidance and continue to recognize the importance of state flexibility.

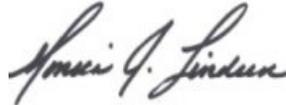
Thank you for your consideration and we look forward to working with you on this very important issue.

April 23, 2014
Page 2

Sincerely,



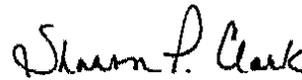
Adam Hamm
NAIC President
North Dakota Insurance Commissioner



Monica J. Lindeen
NAIC President-Elect
Montana Commissioner of Securities & Insurance



Michael F. Consedine
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Sharon P. Clark
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