HENRY A. WAXMAN, CALIFORNIA
CHAIRMAN

JOE BARTON, TEXAS
RANKING MEMBER

ONE HUNDRED ELEVENTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6115

Majority (202) 225–2927
Minority (202) 225–3641

August 31, 2009

Mr. Michael B. McCallister
President and Chief Executive Officer
Humana, Inc.
500 West Main Street
Louisville, KY 40202

Dear Mr. McCallister:

Last Congress, Chairman Henry Waxman commenced an investigation in the House Oversight Committee into the practices of the health insurance industry. When Chairman Waxman became Chairman of the Energy and Commerce Committee, he brought the investigation with him to the Commerce Committee. The investigation, conducted with Chairman Bart Stupak and the Oversight and Investigations Subcommittee, has resulted in several hearings exposing the industry practice of rescinding health insurance coverage for individuals after they become sick and expensive to insure.

As part of the Committee's on-going investigation into the health insurance industry, the Committee is seeking information about the practice of "purging" small businesses when their employees become ill and their health insurance claims increase. Information provided to the Committee suggests that health insurance companies terminate the coverage of small businesses that have become expensive to insure by cancelling their policies or by raising their premiums to unaffordable rates.

To assist the Committee in this inquiry, we request that you provide the following information and documents for the time period from January 1, 2007, to the present:

1. The total number of health insurance policies covering groups of 100 or fewer individuals ("small group policies") sold annually by your company, by state, including the total number of individuals covered annually by these policies, by state;

2. Your company's three best-selling types of small group policies (as measured by the total number of small group policies sold), including a sample of the policy terms and conditions for each policy type;

3. For each policy type identified in response to question 2, a detailed description of how your company determines initial or renewal premium rates offered for the policy, in each state in which it is offered, including:

   a. all factors used to determine the premium rate (e.g., size of the group, claims experience, health status of individuals);

   b. a detailed description of how each factor affects the premium rate, including which factors or circumstances may result in the maximum allowable premium rate or rate increase; and

   c. all written guidance related to your process for setting premium rates, including training materials, manuals, tables, formulas, or other guidelines;

4. For each policy type identified in response to question 2, and for each state in which it is offered, the maximum premium rate increase (by percentage) that your company offered, regardless of whether it was accepted or rejected, to any policy group covering:

   a. fewer than 10 individuals;

   b. 10 to 50 individuals; and

   c. greater than 50 individuals;

5. For the 10 highest rate increases identified in response to each subsection of question 4 that were offered, but rejected:

   a. a description of the small group and its number of covered individuals;

   b. the premium rate offered and the prior year's premium rate; and

   c. documents and communications, including e-mails, relating to your company's determination of the rate increase;

6. For the 10 highest rate increases identified in response to each subsection of question 4 that were offered and accepted:

   a. a description of the small group and its number of covered individuals;

   b. the premium rate offered and the prior year's premium rate; and

c. documents and communications, including e-mails, relating to your company's determination of the rate increase.

Please include information with respect to your company and any of its affiliates or subsidiaries that have sold health insurance policies to small businesses since January 1, 2007. Please limit responses to major medical policies and do not include information regarding other types of insurance policies, such as disability insurance. Please include in your responses coverage sold to associations, such as professional associations, or association members.

Please produce the requested information by September 14, 2009. In addition, please inform Committee staff by September 8, 2009, as to whether you will provide the requested information voluntarily.

To address privacy concerns associated with medical information, you may redact business and individual names and other specific information that would reveal the identity of the small businesses or their employees. Please confer with Committee staff regarding any such redactions prior to producing material to the Committee.

An attachment to this letter provides additional information on how to respond to Committee requests. If you have questions regarding this request, please contact Michael Gordon or Anne Tindall of the Committee staff at (202) 226-2424.

Sincerely,

Henry A. Waxman
Chairman

Bart Stupak
Chairman
Subcommittee on Oversight and Investigations

Enclosure

cc: The Honorable Joe Barton
Ranking Member

The Honorable Greg Walden
Ranking Member
Subcommittee on Oversight and Investigations