MattCelentano_FAV_SB186
Uploaded by: Celentano, Matthew
Position: FAV

GUARANTY FUND ASSESSMENTS FOR LONG TERM CARE INSOLVENCIES

(ILLUSTRATED WITH PENN TREATY NETWORK AMERICA LIQUIDATION)

Presentation for Maryland General Assembly
February 12, 2020

GUARANTY ASSOCIATIONS PROTECT POLICYHOLDERS OF INSOLVENT INSURERS

- **Obligations**
  When company is liquidated, the GA system assumes the obligations of the insolvent insurer up to certain statutory limits.

- **Funding Sources**
  The GAs get a share of the assets of the insolvent insurer, and levy assessments on their Members if they have claims from policyholders in excess of the insolvent estate's assets.

- **Members**
  Most insurance companies licensed to write life, annuity, or accident & health ("A&H") policies in a state are members of the GA in that state. HMOs in Maryland are not included – but should be.

- **Accounts**
  All Life, Annuity, and A&H business is allocated into separate GA assessment accounts. The assessments, for each type of policy, are limited to the applicable account. Life writers pay for life insolvencies, health writers pay for health insolvencies.

- **Assessments**
  Assessments are levied on each member in proportion to its share of the total assessable premium. Assessments, in any given year, are limited to 2% of annual earned premium for each company and may be abated or deferred if the assessment would threaten the member's solvency.

Assessments are applied to specific "Accounts"

	Life	Annuity	Health
Types of Policies Covered	• Life insurance	• Allocated funding agreements • Structured settlement annuities • Immediate or deferred annuity contracts	• Basic hospital, medical, and surgical • Major medical insurance • Disability insurance • **Long-term care insurance**
National* Assessment Capacity	$2.5 billion	$3.1 billion	$4.8 billion

* Excludes New York
** 2014 figures as estimated and published by NOLHGA

Long Term Care and the ACA – A Perfect Storm

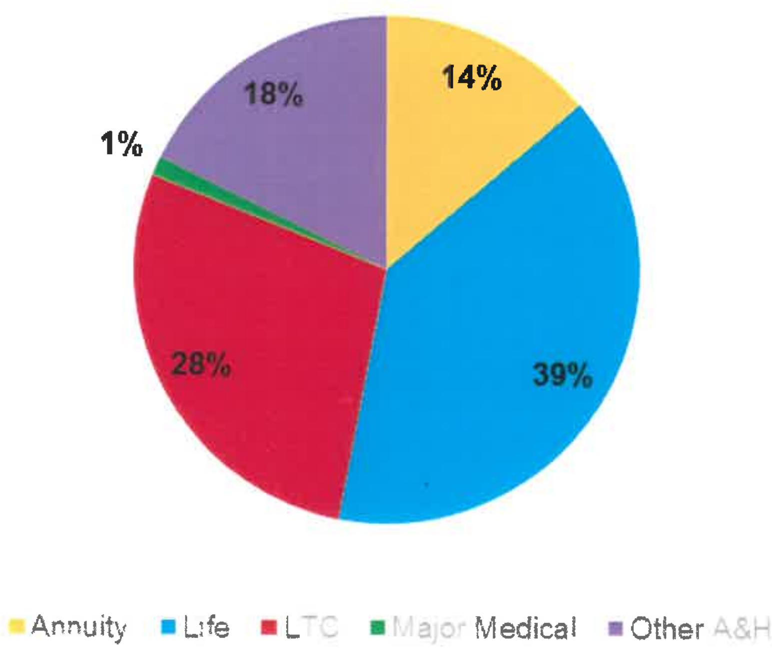
- Simultaneous Insolvencies:
  - **Penn Treaty** – largest health insolvency to date, costing $4.8B nationwide ($2.6B reduced to present value)
  - **Co-Ops** – only 4/24 remain – many were covered by guaranty associations
    - Co-Opportunity (IA/NE) – GA required to borrow funds to pay claims
    - Colorado COOP – tested the limits of GA capacity
      - Evergreen – **NOT** covered by the GA in Maryland

Nationally: LTC writers not subject to majority of assessments

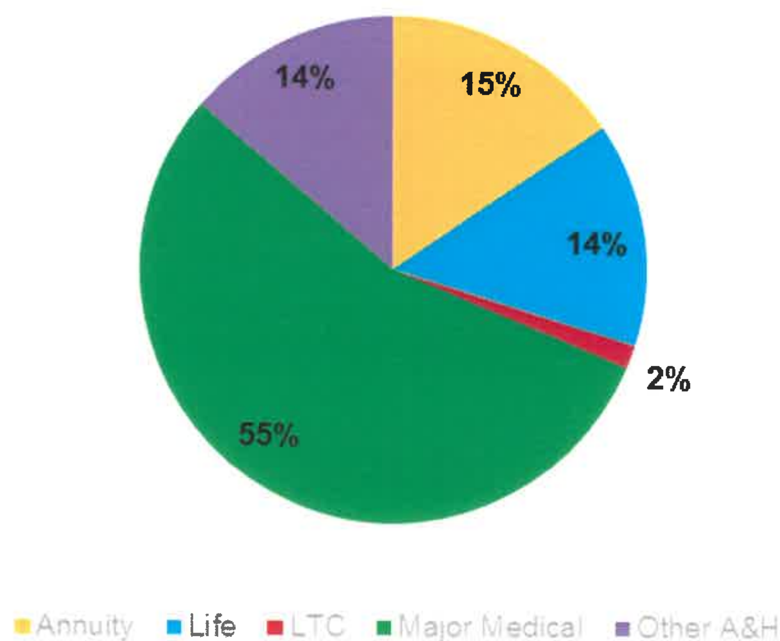
Health Insurers account for only a small fraction of total LTC premiums…

…but they must pay the lion's share of assessments for LTC policies

LTC Premium Share



Current Assessment Share

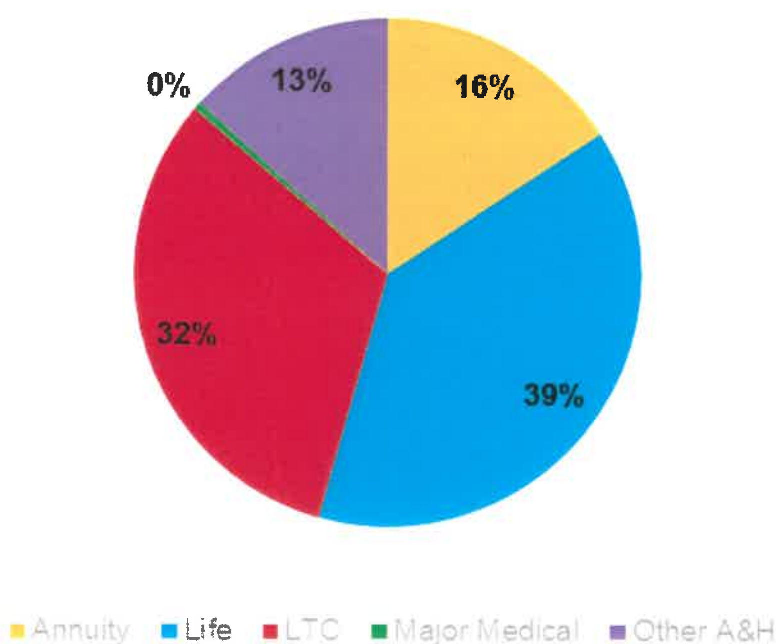


Note: Insurer type determined by examining 2017 group level data at the national level and assigning a group type based on the category with the plurality of premium.

In Maryland: LTC writers not subject to majority of assessments

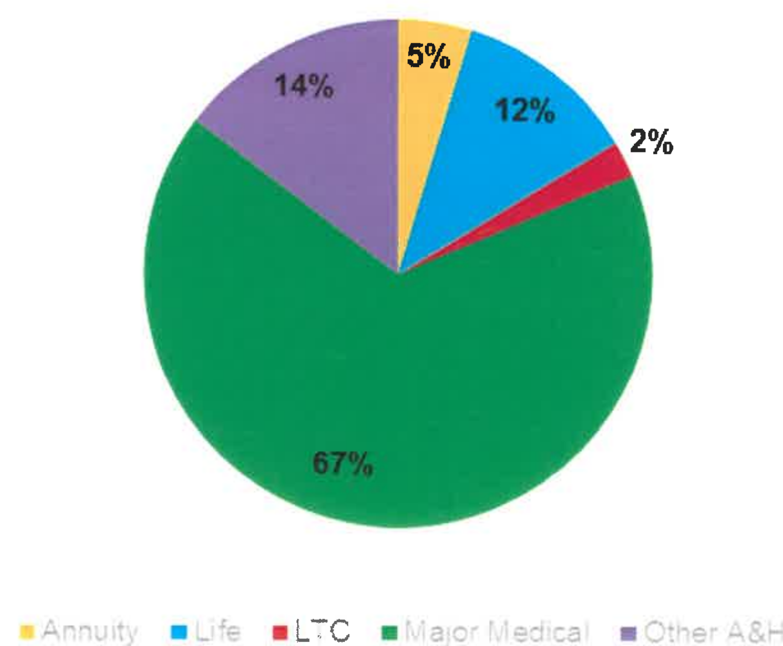
Health Insurers account for only a small fraction of total LTC premiums…

LTC Premium Share



…but they must pay the lion's share of assessments for LTC policies

Current Assessment Share



Note: Insurer type determined by examining 2017 group level data at the national level and assigning a group type based on the category with the plurality of premium.

55% of national premiums excluded from assessments*

* Life and Annuity capacity as estimated and published by NOLHGA; A&H, HMO and Other Excl'd Health capacity estimated based on review of guaranty association statutes and financial data from SNL Financial.

75% of Maryland premiums excluded from assessments*

* Life and Annuity capacity as estimated and published by NOLHGA; A&H, HMO and Other Excl'd Health capacity estimated based on review of guaranty association statutes and financial data from SNL Financial.

Current LTC assessment mechanism distorts markets and penalizes policyholders

- **Current system impacts the GA assessment capacity**
  - Recent co-op insolvencies that are part of the guaranty association system demonstrate the need for additional assessment capacity within the A&H Account
    - IA/NE (Co-Opportunty)
    - CO (Colorado COOP)
  - The Penn Treaty insolvency put pressure on A&H assessment capacity in many states
  - The California Guaranty Association has seen significant decreases in its assessment capabilities due in part to the imbalance in assessments in that state.
  - HMOs: not subject to assessment – skews market competition

Life Carriers Agree to Assist Market Stability

- **Life carriers accepted responsibility for GA assessments**
  - Rate regulation, medical loss ratios, essential health benefits, and guaranteed issue requirements have disproportionate impact on health carriers' ability to respond to the market
  - Life carriers voluntarily agreed to come to the table to accept 50% of the risk of long-term care insolvencies
  - HMOs have not

HMO Members Deserve Guaranty Association Protections

- **HMO insolvencies leave policyholders and providers without the same protections as commercial members**
  - **Evergreen (MD):** $15.9M in cash, receivables and other assets, $39.5M in unpaid claims, as of 3/31/19
  - **Health Republic (NY):** $38.8M in assets, $701.4M in liabilities, including $201M in claims that had to be disallowed
  - **Kentucky Health Cooperative (KY):** $23.5M in assets, $104.7 in liabilities, including $81.6M in claims for members and providers
- **As opposed to other health insolvencies:**
  - **WinHealth (WY):** providers and members paid in full through WY guaranty association
  - **Seechange Health Insurance Company (CA):** providers and members paid in full through assessment by twenty-five guaranty associations

NAIC Recognized Industry Vulnerability – Moved Swiftly to Fix

NAIC Moved in Record Time

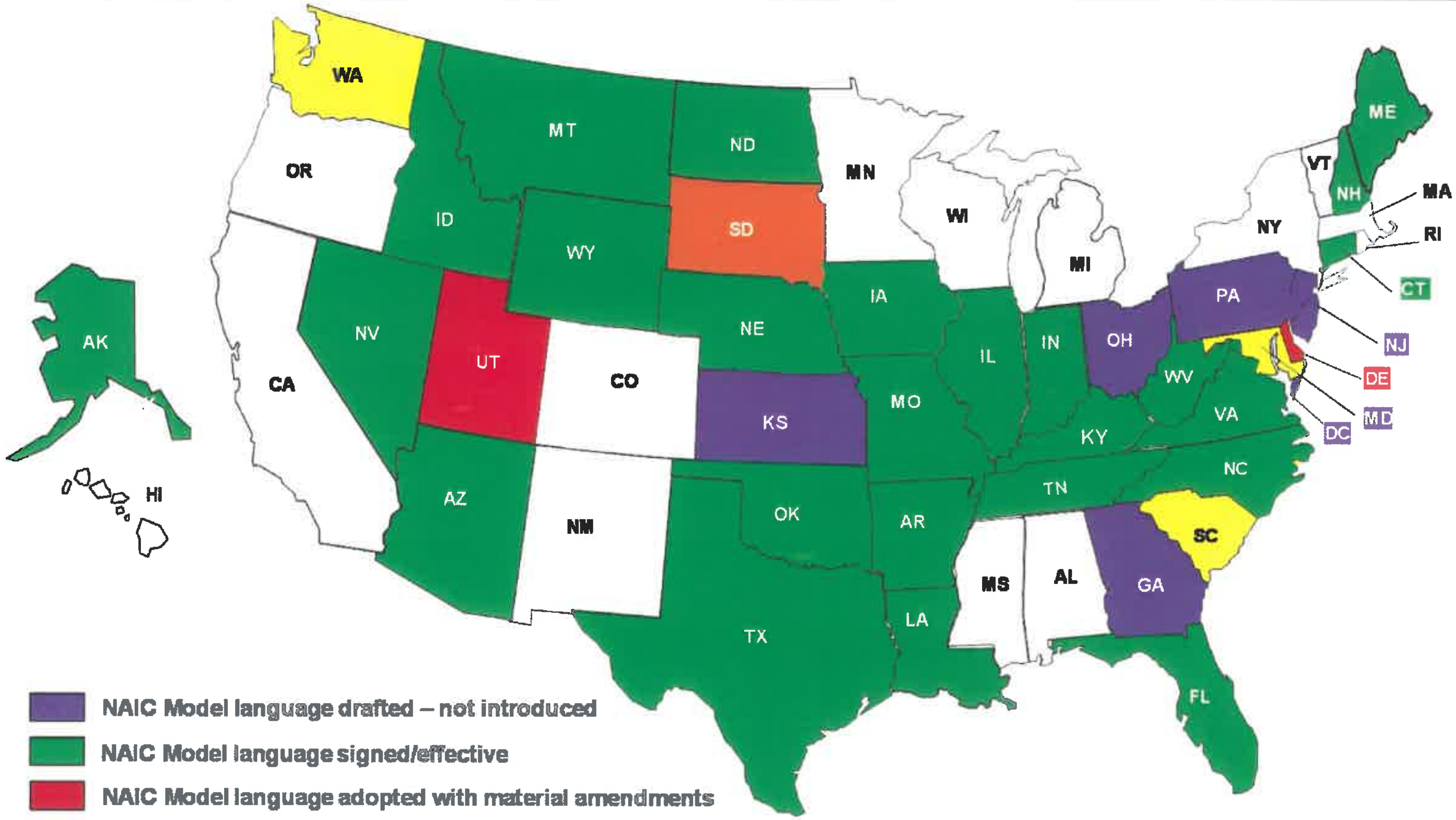
- NAIC Receivership & Insolvency Task Force recognized the need to stabilize guaranty associations nationwide
- Adopted the amendments to Model #520 in six months
- The Model does a number of important things:
- Includes HMOs as members of the guaranty association, thereby protecting HMO consumers
- Includes life carriers in the formula to split future LTC assessments
- Expands the board membership to add additional seats for new HMO members

States have acted in record time

- 27 states have adopted the NAIC model in only two years' time

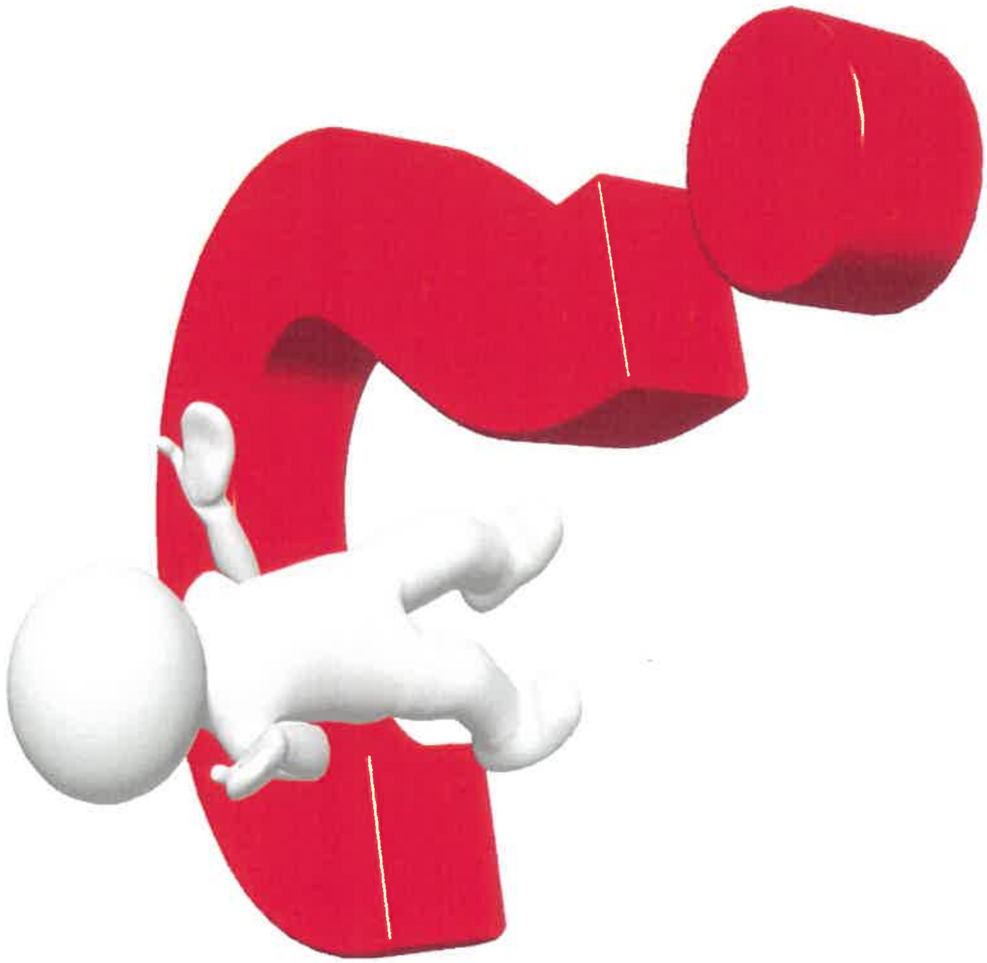
NAIC Model Act Introduction and Adoption 2019

UnitedHealthcare



- NAIC Model language drafted – not introduced
- NAIC Model language signed/effective
- NAIC Model language adopted with material amendments
- NAIC Model language drafted with material amendments
- NAIC Model language introduced

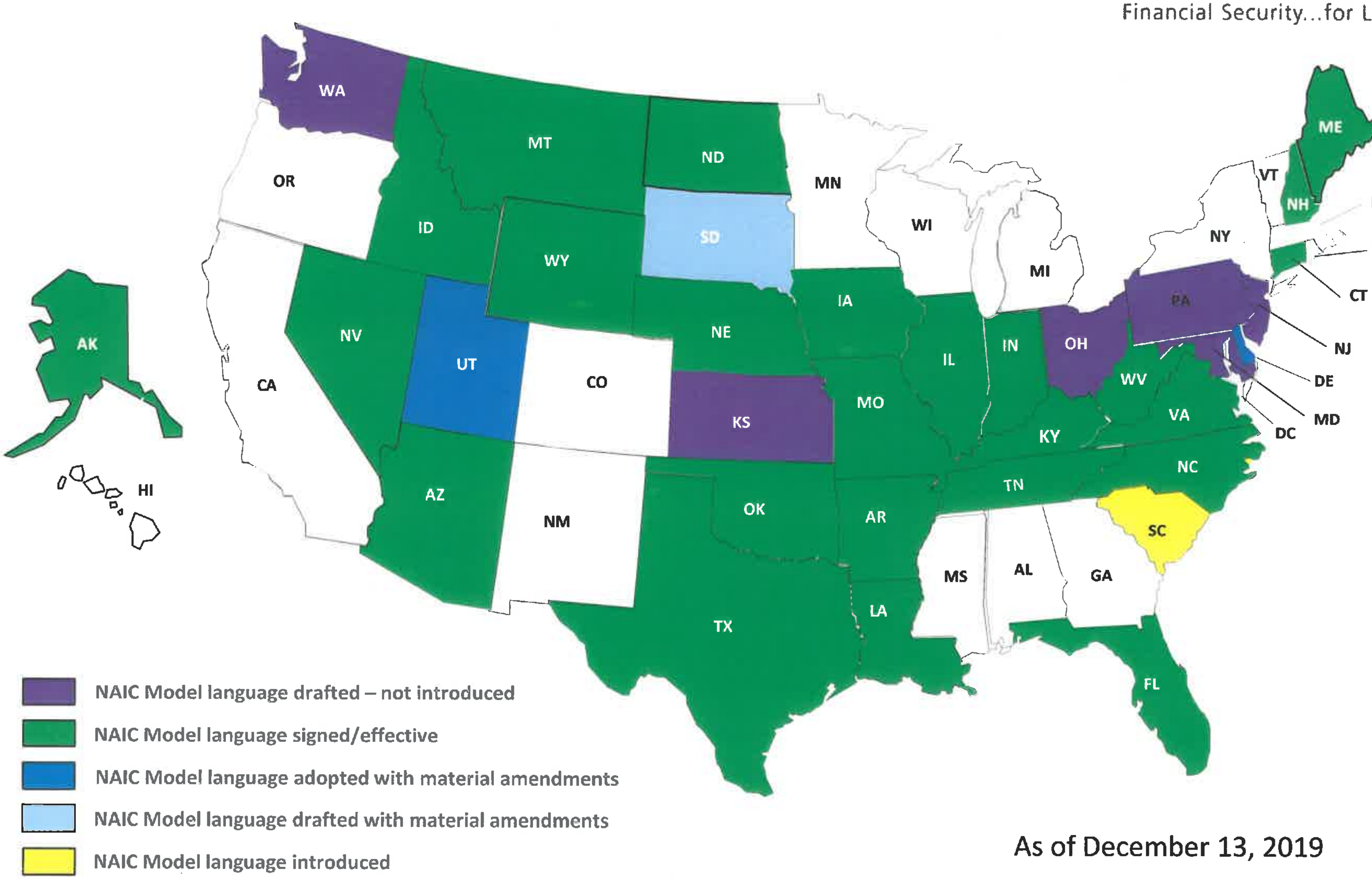
As of January 24, 2020



NAIC Model Act Introduction and Adoption 2019

The League of Life and Health Insurers of Maryland

ACLI
Financial Security...for Life.



As of December 13, 2019

The League of Life and Health Insurers of Maryland

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Maryland Should Act Now to Protect Consumers, Providers, and the Guaranty Association Safety Net

The Guaranty Association system provides critical protections that all Maryland consumers and providers rely on in case of an insolvency. For the last 2 years, life and health carriers have worked together across the country to pass NAIC Model language in over 25 states to ensure stability. Maryland should be next.

Under the plan:

- Life and health insurers will split the assessment obligation 50/50.
- HMOs will be members of the Maryland Guaranty Association system for the first time, will share in the assessment obligation, and have a voice as they currently do in other states.
- Providers contracted with HMOs will be paid for claims submitted by long-term care policy holders.

- The 50/50 split works by calculating the percentage of total assessments that should be reallocated from the Health Account to the Life and Annuity Accounts split by company type. For this purpose, company types include (1) life and annuity carriers and (2) accident & health carriers.
- This formula is necessary to preserve the state-based solvency system and safety net, therefore protecting consumers.

- If states do not act, health insurers and consumers will pay for approximately 80% of all long-term care insolvencies . This threatens the stability of the state-based safety net.
- This is a unique opportunity to stabilize and rationalize the state-based health insurance and guaranty fund systems, in a manner that has broad support from the vast majority of the life and health insurance industries.

Including HMOs in Guaranty Associations is critical to preserving the safety net.

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The League of Life and Health Insurers of Maryland

Adopt Guaranty Association Legislation to preserve the Life and Health Guaranty Association safety net, protect consumers of long-term care insurance, and level the playing field for consumers of HMO and PPO/EPO plans.

There is no distinction between HMO products PPO/EPO plans and, therefore, no reason to exclude their members and providers from safety net protections.

- All plans compete with each other and use networks, financial incentives, capitated arrangements, quality standards, policy limits, gatekeepers, uilization management and other tools to manage care – regardless of whether or not they are licensed as an HMO.
- All health insurers, whether HMO or PPO/EPO, are highly regulated by states from solvency, rate and form, licensing, and market conduct perspectives.
- Integrated delivery systems do not pose a regulatory challenge for guaranty funds. Many states have carriers writing EPO which operate identically to an integrated delivery system. ACA rules impact all plans, HMO or not, the same way.

If HMOs are not members of the Guaranty Association system, providers will pay the price and the system will fail.

- Hold harmless provisions protect consumers from balance billing, they do not ensure providers get paid for their services.
- The statutory deposit similarly does not provide adequate protection in today's marketplace, as we learned with the Health Republic and Horizon insolvencies.
- In order to compete with HMOs in the marketplace, health insurers will have no choice but to consider moving to an HMO platform to remain competitive in the marketplace. This will leave the life insurance industry to bear the burden of long-term care insolvencies and would cause the safety net system to collapse -- leaving consumers of long-term care insurance without any recourse in the case of an insolvency.

SenKelley_FAV_SB186
Uploaded by: Senator Kelley, Senator Kelley
Position: FAV

SENATOR DELORES G. KELLEY
Legislative District 10
Baltimore County

Chair
Finance Committee

Executive Nominations Committee
Rules Committee
Legislative Policy Committee

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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TESTIMONY OF SENATOR DELORES G. KELLEY

REGARDING SENATE BILL 186-LIFE & HEALTH INSURANCE GUARANTY CORPORATION ACT-REVISIONS

BEFORE THE SENATE FINANCE COMMITTEE

ON FEBRUARY 12, 2020

Mr. Vice Chair and Members:

The insurance guaranty system in Maryland and across the country is a critical safety net to protect our citizens when insurance companies become insolvent and can no longer pay their claims. When that happens, the guaranty association in Maryland steps into the shoes of the insolvent insurer and pays claims for it. The guaranty association does this by assessing the other insurers in the market and uses those funds to make claims payments.

There are two problems with the guaranty association system, here in Maryland and across the country that it is critical that we fix immediately. The first problem is that there is ***ZERO*** guaranty association coverage or protection for consumers of HMOs. **We learned this first-hand when Evergreen**, an HMO right here in Maryland became insolvent. While eventually the claims of doctors, hospitals and pharmacies were paid, it was only because of the nimble and proactive approach the Maryland Insurance Administration and Commissioner Redmer took to make people whole. Still, it was a very difficult process and consumers were put at risk. Consumers who buy HMO products should have exactly the same protections as consumers who buy commercial insurance products. There is no real difference to a consumer in the health policies being sold so there should be no difference in the protection that those consumers should get.

The second problem in Maryland is that when a company that writes long-term care insurance becomes insolvent, like Penn Treaty did a few years back, only companies that write health insurance are assessed to pay the claims. This is unjust, because it is primarily life insurance companies that write long-term care insurance. They should share more of the burden for these assessments than they do now and why they are here today to advocate for this bill.

The National Association of Insurance Commissioners (NAIC) dealt with both these issues, when it made changes to the model guaranty association legislation. The health insurance industry and the life insurance industry met together before and during that process and agreed that the life insurance industry would voluntarily assume half the burden of future long-term care insolvencies. We should commend them for that. They recognized that in future insolvencies, the whole life and health industry should get together and protect our senior citizens who need their long-term care insurance. Without the whole industry involvement, we could possibly not have enough capacity to pay all outstanding claims. That puts our citizens at risk. It is critical that we make these changes ***before*** there is a crisis.

We should adopt the changes that the NAIC made to the guaranty association model to shore up the guaranty association system here in Maryland. Senate Bill 186 does just that. It protects all Marylanders, not just some, and it splits the cost of a long-term care insolvency between the life and health insurance industries, to help relieve the massive burden this could place on our health insurers. It's the right thing to do. 27 states have already made these changes to their state laws. We need to do the same thing, and we need to do it now. I therefore ask for your strong support of Senate Bill 186.

LeahWaltersACLI_FAV_SB186

Uploaded by: Walters, Leah

Position: FAV

Financial Security...for Life.

Testimony of the American Council of Life Insurers before the Senate Finance Committee
Support of Senate Bill 186
February 12, 2020

Senate Bill 186 – Enacting the Revised NAIC Life and Health Insurance Guaranty Association Model Act

Chairman Kelley and members of the Committee, the American Council of Life Insurers ("ACLI")[1] appreciates the opportunity to offer comments in support of **Senate Bill 186,** which updates Maryland's Life and Health Insurance Guaranty Corporation Act ("MLHIGCA") to conform with the National Association of Insurance Commissioners' ("NAIC") recently-revised Life and Health Insurance Guaranty Association ("LHIGA") Model Act. The legislation before you will help ensure that Maryland's life and health insurance guaranty association, which was created to protect consumers and act as a safety net, remains stable, fair and sustainable through sufficient assessment capacity.

Regulators, life insurers, health insurers, consumer representatives and experts in the insurance receivership community worked together over a year-long process to make critical changes to the LHIGA Model Act. These changes to the guaranty association system are designed to give consumers confidence when purchasing long-term care ("LTC") insurance products so they know their LTC benefits will be protected in the unlikely event of an insurer insolvency.

First, a brief explanation of the state life & health insurance guaranty association system:

Insurance companies are regulated and licensed in each state in which they do business. State insurance departments monitor insurers' financial stability and oversee the guaranty association safety net which protects residents if a life or health insurance company fails. Life and health insurers are required to be "members" of each state's life and health insurance guaranty association as a condition of doing business in the state.

If an insurance company becomes financially unstable, the insurance department in its home state takes control. This begins the "receivership process" whose goal is to "rehabilitate" the troubled insurer. If the company's financial difficulties are too great to overcome, the insurance department asks the court to declare the company insolvent, and the receivership process moves into "liquidation." The receiver works to maximize the insurer's assets to pay its creditors, primarily its policyholders, up to certain limits.

If the insolvent insurer's estate assets cannot cover financial obligations to its policyholders, each state guaranty association assesses its member insurers to pay remaining claims of resident policyholders, up to certain limits. The assessment is based on the premium amount each guaranty association member collects in that state on the kind of business for which benefits are required [e.g., life premiums for life insurance and health premiums for health products].

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[1] The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

American Council of Life Insurers
101 Constitution Avenue, NW, Washington, DC 20001-2133
www.acli.com

Needed changes to protect the life and health insurance guaranty association safety net:

Under Maryland's current guaranty association law, health insurers are assessed for long-term care insurance insolvencies and shoulder about 80% of long-term care insurance assessments. Life insurers that write health lines of business are responsible for about 20% of potential LTC insurance assessments. This approach is unsustainable because:

- It is inequitable for either life or health insurers to shoulder 80% of the guaranty association assessment liability for LTC insurance when most life and health insurers have never sold the product.
- There is insufficient assessment capacity in the guaranty association's health insurance account to absorb another significant LTC insurer insolvency like the one that occurred in 2017.
- The health coverage provided by health maintenance organizations ("HMOs") is not included in the assessment base since those entities are not currently members of MLHIGCA.

The legislation before you would add HMOs as members of MLHIGCA, thus expanding the assessment base in the guaranty association's health account. It would also provide guaranty association protection for HMOs that does not exist today. The significant differences between commercial health insurers and HMOs that led to HMOs being excluded from guaranty association statutes decades ago no longer exist. Those entities compete actively in the health coverage marketplace. In fact, most commercial health insurers now have HMO platforms. Consumers deserve the same coverage protections regardless of which health plan they or their employers choose.

The legislation would also split future assessments for long-term care insolvencies equally between the guaranty association's life and health insurance accounts. The 50/50 split of LTC insurance-related assessments is a critical element of this legislation. The vast majority of life and health insurers have never sold standalone LTC insurance. The number of life and health insurer groups that once sold standalone LTC insurance—approximately 100—has dwindled to fewer than 15 today. There has been a significant shift in LTC insurance sales from standalone products to hybrid products. Most LTC insurance today—24% of the current LTC insurance market and 85% of new sales—is written as a life or annuity hybrid product (e.g., a life insurance policy with a LTC rider). Based on this market transformation, it appears that LTC insurance assessments may already be migrating from the health account to the life account. Legacy blocks of standalone LTC insurance, however, continue to pose risks to the guaranty association system. To address those risks, the ACLI Board agreed to support revisions to the guaranty association system that would ask ALL life insurers (not just those selling LTC or other health insurance) to assume a greater share of the assessment burden of a failed carrier that writes long-term care insurance.

Why are life insurers stepping up to assume more of the burden? Our member companies recognize how critically important the stability of the state guaranty association system and its protections are to consumer confidence in our industry and to the future of the state-based system of insurance regulation. There simply is not enough capacity in the system to absorb another significant long-term care insolvency if the entire life and health insurance industry does not share the burden. The revisions to the LHIGA Model Act reflected in S. 186 will protect consumers who take on the responsibility of providing for their LTC needs and help prevent undue financial burdens on healthy insurance companies.

Thank you for your consideration of our comments. We hope you will **support Senate Bill 186.** I am happy to answer any questions you may have.

Sincerely,

Leah J. Walters

Leah J. Walters
Vice President & Deputy, State Relations

Life Insurers + Maryland

2019 ACLI STATE FACT SHEETS

The life insurance industry's mission is to help all Americans, regardless of where and how they work, their life stage, or their economic status, deal with life's financial challenges and achieve peace of mind. Here's how we help in your state:

DID YOU KNOW?

1/5 of Maryland residents are under age 18—typically financially dependent on a loved one or caregiver.

Maryland has **905,000** residents aged **65 or older**.

63%

63% of Maryland residents are of working age.

671,000 Maryland residents are dealing with a disability.

INVESTING IN THE ECONOMY

The life insurance industry generates approximately **33,500** jobs in Maryland.

Life insurance companies invest approximately **$122 BILLION** in Maryland's economy, helping to finance businesses, create jobs, and provide services in the state.

426 life insurers are licensed to do business in Maryland and **3** are domiciled in the state.

PROTECTING FAMILIES FROM THE LOSS OF A BREADWINNER

Maryland residents have **$701 BILLION** in total life insurance coverage—**93%** from ACLI member companies.

Maryland residents own **4 MILLION** individual life insurance policies, with coverage averaging **$116,000** per policyholder.

$2.2 BILLION was paid to Maryland life insurance beneficiaries in 2017.

Individual life insurance coverage purchased in Maryland in 2017 totaled **$33 BILLION**.

Group life insurance coverage in the state amounts to **$276 BILLION**.

PROVIDING GUARANTEED INCOME AND LONG-TERM CARE TO RETIREES

Annuity benefits paid in the state in 2017 totaled **$1.6 BILLION**.

Long-term care insurance paid in the state in 2017 totaled **$194 MILLION**.

EVERY DAY IN MARYLAND, LIFE INSURERS PAY OUT **$27.8 MILLION** IN LIFE INSURANCE AND ANNUITIES TO FAMILIES AND BUSINESSES —**93%** FROM ACLI MEMBER COMPANIES.

ACLI
Financial Security...for Life.

101 Constitution Avenue, NW, Suite 700
Washington, D.C. 20001-2133
acli.com I April 2019

DougWheelerNYLife_FAV_SB186
Uploaded by: Wheeler, Doug
Position: FAV

Senate Bill: Senate Bill 186 – "Life and Health Insurance Guaranty Corporations Act – Revisions"

Committee: Senate Finance Committee

The Honorable Delores G. Kelly, Chair

Position: SUPPORT

Date: February 12, 2020

New York Life

On behalf of New York Life, we wanted to express our support for SB 186, legislation that updates Maryland's Life and Health Insurance Guaranty Corporation Act to address the funding of future LTC insolvencies. The changes are consistent with those made by the NAIC to its Life and Health Insurance Guaranty Association Model Act (NAIC Model).

A critical provision in the NAIC Model – and included in SB 186 – more equitably apportions LTC assessments 50-50 between life and health insurers and brings HMOs into the guaranty fund system. Given the current state of the LTC market, the life insurance industry worked with all affected stakeholders to update the NAIC Model and create a more equitable distribution of LTC assessments. While very few health insurers write LTC today, the same can be said for the life insurance industry. And yet, to strengthen the state-based guaranty fund system, the life industry agreed to step up and shoulder a greater percentage of the assessments for future LTC insolvencies. In addition, given the similarities in health products offered today, it makes sense to include HMOs as members of the guaranty association, thereby protecting HMO consumers. Adding HMOs also broadens the assessment base, furthering strengthening the backstop that provides benefits to consumers in the event of an insolvency.

As a national carrier, New York Life encourages states to enact legislation that is as uniform as possible. We support the NAIC Model and respectfully request Maryland enact SB 186 without any deviations.

CC: Senator Brian Feldman, Vice Chair

Senator Malcolm Augustine

Senator Pamela Beidle

Senator Joanne Benson

Senator Antonio Hayes

Senator Stephen Hershey

Senator J.B. Jennings

Senator Katherine Klausmeier

Senator Benjamin Kramer

Senator Edward Reilly

Kaiser_FWA_SB186
Uploaded by: Taylor, Allison
Position: FWA

KAISER PERMANENTE®

Mid-Atlantic Permanente Medical Group, P.C.
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc
2101 East Jefferson Street
Rockville, Maryland 20852

February 12, 2020

The Honorable Delores G. Kelley
Senate Finance Committee
3 East, Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: SB 186 – Support with Amendment

Dear Chair Kelley and Members of the Committee:

Kaiser Permanente respectfully requests an amendment to SB 186, Life and Health Insurance Guaranty Corporation Act – Revisions.

Kaiser Permanente is the largest private integrated health care delivery system in the United States, delivering health care to over 12 million members in eight states and the District of Columbia.[1] Kaiser Permanente of the Mid-Atlantic States, which operates in Maryland, provides and coordinates complete health care services for approximately 755,000 members. In Maryland, we deliver care to over 430,000 members.

Kaiser Permanente understands that long-term care insurers have been struggling with solvency and acknowledges that state guaranty associations provide an important role in protecting consumers in the event of a long-term care company's impairment or insolvency, by levying an assessment against association members.

However, KP is concerned that SB 186 requires health insurers to pay a much higher proportion of the assessment than their market share of long-term care sales. SB 186 proposes that the assessment would be shared evenly between the life and health insurance industries – 50% of the assessment allocated to the life and annuity insurers and 50% to the health insurers.

This 50/50 split does not reflect the proportion of long-term care insurance sales attributable to life/annuity insurers and health insurers. National figures derived from NAIC data show that 75% of long-term care insurance sales are attributed to companies that report up to, or are in the holding company structure of, life insurance and annuity companies. These figures also show that only 18% of long-term care sales are attributable to a health company parent. HMOs – including Kaiser Permanente – write none.

[1] Kaiser Permanente comprises Kaiser Foundation Health Plan, Inc., the nation's largest not-for-profit health plan, and its health plan subsidiaries outside California and Hawaii; the not-for-profit Kaiser Foundation Hospitals, which operates 39 hospitals and over 650 other clinical facilities; and the Permanente Medical Groups, self-governed physician group practices that exclusively contract with Kaiser Foundation Health Plan and its health plan subsidiaries to meet the health needs of Kaiser Permanente's members.

Allocation based on predominant business type excluding LTC at Parent Company Level

Parent Company Type	Number of Companies	Premium in Billions: Life	Annuity	A&H w/ LTC	A&H w/o LTC	LTC	Total w/ LTC	LTC Premium Share
LTC	3	$0.0	$0.0	$0.1	$0.0	$0.1	$0.1	1%
Life/Annuity	57	$125.6	$252.9	$37.0	$27.8	$9.2	$415.5	75%
Health	54	$14.6	$1.8	$241.2	$238.9	$2.3	$257.6	18%
P&C	7					$0.7	$0.7	6%
Total	**121**	**$140.2**	**$254.7**	**$278.3**	**$266.7**	**$12.4**	**$674.0**	**100%**

Notes:

We identified all parent companies with LTC business in at least one Life and Health subsidiary filing a 2016 statutory annual reports with the NAIC. All of the Life/Annuity and Health premium excluding LTC was considered in the allocation to predominant type (LTC, Life/Annuity, Health) based on the majority of premium at the parent level for all subsidiaries combined. P&C information is based on 2016 NAIC P&C blank filers' LTC premium. Parent companies with LTC share of more than 95% of premium are allocated to company type "LTC" to avoid allocating a primarily LTC carrier to Life/Annuity or Health.

Data source is SNL.com. NAIC statutory exhibits utilized for the Premium determination:

Life Premium	Life Blank: Schedule T Part 1 Line 95 Column 2 (Life)
	Health Blank: Schedule T Part 2 Line 59 Column 1 (Life)
Annuity Premium	Life Blank: Schedule T Part 1 Line 95 Column 3 (Annuity) + Column 5 (Other Consideration)
	Health Blank: Schedule T Part 2 Line 59 Column 2 (Annuity)
A&H w/ LTC Premium	Life Blank: Schedule T Part 1 Line 95 Column 4 (Acc & Health - all LOBs)
	Health Blank: Schedule T Part 1 Line 61 Column 2 (Acc Health) excluding Medicare, Medicaid, FEHBP business in Columns 3-5
LTC Premium	Accident and Health Policy Experience Exhibit Part A Line 10.3 Column 1 - Individual LTC + Part B Line 12 Column 1 - Group LTC

KP's proposed amendment would follow existing Utah law (see Utah Code 31A-28-109 (3)(c)) and a current proposal in Washington State that would alter the assessment to more closely reflect market share. Nationally, life/annuity companies, which sell approximately 75% of long-term care insurance, would pay a corresponding percentage -- 75% -- of the assessment. Health insurers would pay the remaining 25%. The market share attributable to life or health insurers in Maryland could be different from national figures, and KP would support a state calculation of that proportion calculated using a methodology similar to that described above.

Our primary concern is to make sure that any assessment be based on some reasonable calculation of the market share of long-term care insurance sold that is attributable to either life insurers or health insurers. We urge the Committee to adopt KP's proposed amendment for SB 186.

Thank you for the opportunity to comment. Please feel free to contact Wayne Wilson at Wayne.D.Wilson@kp.org or (301) 816-5991 with questions.

Sincerely,

Wayne D. Wilson
Vice President, Government Programs and External Relations
Kaiser Foundation Health Plan of Mid-Atlantic States, Inc.

AMENDMENT TO SENATE BILL 186
(First Reading File Bill)

On page 22, in line 23, strike "**50%**" and substitute "**25%**"; and in line 25, strike "**50%**" and substitute "**75%**".