



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 19, 2020

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

RE: SB 527 – Oppose

Dear Chair Kelley and Members of the Committee:

Kaiser Permanente appreciates the opportunity to comment on SB 527, Health Insurance - Policy of Group Health Insurance - Associations. KP must respectfully oppose SB 527 for the reasons described below.

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.

SB 527 will increase the availability of association health plans beyond what is currently allowed in Maryland by expanding the universe of individuals and groups that are permitted to participate in them. Kaiser Permanente believes it is critically important that consumers enroll in coverage that is comprehensive, easily understood, and affordable. We support policies that strengthen Maryland's individual and small group markets. We are concerned that SB 527 will draw individuals (the self-employed) and small groups (newly able to band together and participate in the large group market) away from the existing individual and small group markets, destabilizing those markets.

Kaiser Permanente believes Maryland policy should discourage splitting markets up in this way, which creates risk selection opportunities. As association health plans may draw younger and healthier people away from the individual and small group markets, health insurance premiums for comprehensive coverage will increase. The destabilization of these markets will have a harmful impact on middle-class consumers seeking comprehensive coverage.

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.

The Affordable Care Act (ACA) provides extremely broad access to coverage. Open enrollment gives everyone an opportunity to select a plan, with choices from bronze to catastrophic. By supporting and encouraging enrollment in the ACA individual and small group markets, Maryland will give self-employed individuals and small employers very good choices for care. We believe the greater availability of association health plans would detract from the ACA markets.

We are also concerned that SB 527 would remove from the definition of “health benefit plan” in section 11-601 of the Insurance Article “a certificate of health insurance issued or delivered to a Maryland resident under a contract issued to an association located in the State or any other state.” This change would prevent the Insurance Commissioner from regulating out-of-state association plans that issue certificates to Marylanders. This means that the Commissioner would not be able to ensure that consumers who participate in these plans will have the same protections that Maryland law provides for the small group market, and would not be able to review the rates for such plans and determine if they are adequate.

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.