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 Shane E. Pendergrass
Health and Government Operations Committee
House Office Building Room 240
6 Bladen Street
Annapolis, Maryland 21401

RE: HB 141 – Support with Amendment

Dear Chair Pendergrass and Members of the Committee:

Kaiser Permanente respectfully requests an amendment to HB 141, 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 HB 141 requires health insurers to pay a much higher proportion of the assessment than their market share of long-term care sales. HB 141 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

		Premium in Billions						
Parent Company Type	**Number of Companies**	**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 HB 141.

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 HOUSE BILL 141
(First Reading File Bill)

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