

OUTSIDE the Beltway

IIA, Employer Coalition Support Stop-Loss in Maryland Hearing

SIIA staff and members plus the newly formed Protect Employee Health Plans Coalition (PEHP-C) provided strong support for self-insured employee group health plans and continued use of stop-loss insurance during a recent informational meeting of the Maryland Insurance Administration (MIA). The late-September meeting in Baltimore was part of the MIA's two-year study of the use of stop-loss insurance among self-insured health plans.

MARYLAND



Earlier this year the Maryland General Assembly passed a law (HB

552) that included raising minimum specific stop-loss attachment points from \$10,000 to \$22,500 and minimum aggregate attachment points from 115% of expected claims to 120%. The law took effect on June 1, 2015 and, without additional legislative action, will sunset on June 30, 2018.

The law also requires the MIA to conduct the current study by soliciting information from stakeholders that will result in an interim report to Governor **Larry Hogan** by December 1, 2015 and a final report and recommendations to the governor by October 1, 2016. All

stop-loss carriers in Maryland were issued a questionnaire regarding the number of groups they insure and the attachment points.

The self-insurance industry assumes that results of the study will inform future legislation that could replace the current law after its 2018 sunset. "It's vital that SIIA members take every opportunity to support self-insurance and the stop-loss policies that make it a viable option for employers," said **Adam Brackemyre**, SIIA Director of State Government Relations.

The recent MIA meeting brought out factors well beyond data, including the qualitative benefits of self-insured employee health plans and their dependence on stop-loss insurance to continue providing high-quality health coverage to their employees.

SIIA member **Rodger Bayne** of Benefit Indemnity Corp. of Towson, Maryland, serves an instrumental role in the MIA survey as he assists Nancy Egan, MIA Director of Government Relations, in collecting required information.

Bayne was the first speaker introduced by MIA Commissioner **Alfred W. Redmer, Jr.** and testified, "Our job is to get people covered. The Rand Corporation reported the net

number of people insured increases when a self-funding market exists beside the traditional market."

He said the "sky is falling" predictions of mass migration of small groups to self-funding has not occurred in the past or since the advent of the Affordable Care Act, even though many in Maryland predicted so over 20 years ago when the state implemented small group reforms nearly identical to the ACA. The actual results clearly refute the arguments from some quarters that self-funding could have an adverse effect on state health care exchanges.

Also attending the meeting were SIIA members **Catherine Bresler** of CoreSource/Trustmark and **James Hechler** of The BENECON Group, along with Director of State Government Relations Brackemyre and SIIA's Maryland counsel **Gerry Evans**. Other SIIA members were known to listen into the proceedings by conference telephone.

An anchor feature of the hearing was the panel presentation by members of the newly-formed PEHP-C which is chaired by SIIA's Brackemyre. The PEHP-C has been formed to bring to the MIA study the reality of self-insuring employers' dependence on viable stop-loss insurance.

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The panel included testimony by **Debbie Johansen** of PEVCO, a Maryland manufacturer of pneumatic tube systems used by hospitals and other organizations.

“We’re a small company in a world of big companies and competition for top employee talent is very tough,” she said.

“What I have to sell recruits is a top-quality self-insured health plan.”

Johansen said that the data on the company’s health care utilization enables PEVCO to design coverage that meets its employees’ needs. “We are a family-owned company and we treat all employees as family,” she said.

MIA Commissioner Redmer interjected a question about whether PEVCO periodically compares costs of its self-insured plan to those of fully-insured plans. Johansen answered that the company compares costs each alternate year and that since switching to self-insurance the company experienced an immediate decrease in costs and has held annual increases to the range of 10-12%.

A panel comprised of people involved in Maryland cities’ and counties’ self-insured employee health care plans included Hechler of BENECON, which administers the Local Government Insurance Trust (LGIT) and **Tim Ailsworth**, executive director of LGIT. Hechler cited self-insurance benefits as including the cost transparency that allows surpluses to be returned to the jurisdictions for other uses. “The dollars saved go directly back to the taxpayers,” he said.

Opportunities to participate in the MIA study will continue through 2016 until the deadline for the final report next October. SIIA members who want to be involved or nominate employer clients to participate in the employers’ coalition are encouraged to contact Brackemyre in SIIA’s Washington, DC, office, (202) 463-8161. ■



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