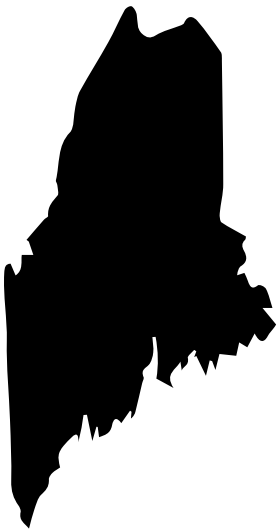


SIIA Leads Educational Effort in Maine Stop-Loss Review

MAINE



The Maine Bureau of Insurance (BOI) has established an apparently collaborative effort with the state's health insurers and the self-insurance industry to create broad-ranging criteria for stop-loss insurance covering employer-sponsored self-insurance health plans.

"SIIA became involved immediately when the review was initiated," said Adam Brackemyre, vice president of state government relations. "The State Government Relations Subcommittee of SIIA's Government Relations Committee provided input on thirteen points of consideration that the BOI provided and we have presented our positions both in a written summary and at informational hearings in Augusta."

Hearings presided over by BOI Superintendent Eric Cioppa and General Counsel Bob Wake have provided opportunities for testimony representing stop-loss supporters and those who would prefer a more restrictive stop-loss environment.

"The BOI leaders expressed an overall objective to serve the interests of Maine consumers and insureds," Brackemyre reported. "At the same time, they emphasized that they need more knowledge about the stop-loss marketplace. SIIA views this as an opportunity to lead a strong educational effort on behalf of our members and the thousands of Maine employees and dependents who belong to self-insured health plans."

Brackemyre believes the Maine stop-loss insurance inquiry will continue into the 2018 legislative season there. The BOI review was prompted by the legislature after a bill restricting stop-loss insurance was introduced early this year. The committee hearing the bill referred the subject to the BOI for its review.

The BOI's approach met approval by SIIA member Robert Melillo, head of stop-loss for Guardian Life Insurance Company. "*Maine appears to be looking at this as a collaboration among the insurance industry and employers,*" he said. "*The more points of view that are represented, the better the outcome.*"



Robert Melillo

"We hope they don't impose greater restrictions on stop-loss insurance, and the way we can influence that is to demonstrate how stop-loss policies make self-insured plans possible for many organizations," Melillo said. "Regulators shouldn't try to over-engineer the industries they oversee. Regulations are the guardrails, but members of the industries have to drive the car."



Rodger Bayne

Bradley Long, Vice President of compliance of Toiko Marine HHC – Stop Loss Group, observes that Maine’s regulatory inquiry fits a longstanding pattern among the states. “There’s nothing in here we haven’t seen before,” he said.

Long agrees that Maine’s approach should be informed by as much real-life information as possible. He noted that New York has initiated a data call among the industry and employers to help provide credible and useful information to government lawmakers and regulators.

“Of course there’s no guarantee of how states will use market data, but it’s always worth the effort to provide it,” Long said. “They know where we are and they have our phone numbers if they think we can help contribute.”

Long believes that the Maine government misunderstands the aspect of stop-loss insurance commonly known as lasering. “Until this is explained in detail, they think it’s a penalty rather than what it is, a useful risk management tool for self-funded groups that purchase stop loss coverage,” he said.

The Maine points of inquiry questioned whether the practice should be restricted.

“We appreciate SIIA’s leadership with state government processes, and their efforts to educate state insurance departments on stop loss insurance,” Long said.

At Maine’s first informational hearing in November, New Hampshire was held up by one witness as an example of more restrictive stop-loss regulation that includes two aspects that are opposed by SIIA, per-person aggregates for stop-loss policies and so-called “community rating” of policies.

Rodger Bayne, president of Benefit Indemnity Corporation of Towson, Maryland, agrees with SIIA’s opposition to both those points. “A per-person aggregate minimum does not reflect any sound actuarial principle but makes self-funding more burdensome on the employer and even prohibitive in virtually all cases for plans under 100 employees.

“Community rating in self-funding is simply another means to demand that the consumer pay more than should be required for their own coverage,” Bayne continued. *“This is a methodology that leads to an ultimate death spiral as citizens of the state and employers withdraw rather than pay a subsidy to their neighbors.”*

Bayne believes that a good head start for educating state governments about self-insurance was provided by a Rand study that contributed to the Affordable Care Act (ACA). “It indicated that even under a system of government involvement, more people will be insured if there exists a robust self-insurance market,” he said.

As the Maine stop-loss issue proceeds, SIIA members are invited to get involved by contacting Adam Brackemyre at (202) 463-8161 or by email, abrackemyre@siia.org. ■