

MARTIN O'MALLEY
Governor

ANTHONY G. BROWN
Lt. Governor



RALPH S. TYLER
Commissioner

BETH SAMMIS
Deputy Commissioner

**INSURANCE
ADMINISTRATION**

525 St. Paul Place, Baltimore, Maryland 21202-2272
Direct Dial: 410-468-2002 Fax: 410-468-2020
Email: bsammis@mdinsurance.state.md.us
1-800-492-6116 TTY: 1-800-735-2258
www.mdinsurance.state.md.us

February 11, 2008

The Honorable Thomas M. Middleton, Chairman
Senate Finance Committee
Miller Senate Office Building, 3 East Wing
11 Bladen Street
Annapolis, MD 21401-1991

The Honorable Peter A. Hammen, Chairman
Health & Government Operations Committee
House Office Building, Room 241
6 Bladen Street
Annapolis, MD 21401

Dear Chairman Middleton and Chairman Hammen:

The 1997 General Assembly enacted HB 1358, Maryland Health Insurance Portability and Accountability Act, which included a requirement for the Insurance Commissioner to report annually by December 1 to your respective committees on the legislation's impact on rates in the individual health market.

Originally, the report was requested to monitor the impact of guaranteed issuance on the availability and affordability of health care policies in the non-group market. Prior to the repeal of the guaranteed issuance requirement, carriers in the individual market were required to offer two policy options to individuals who failed medical underwriting. The carrier could elect to offer a high and low policy option or its two most popular policies. The rate for these policies could not exceed 200 percent of the rate the carrier would charge for the same or similar policy to other individuals.

Subsequently, the General Assembly repealed the guaranteed issuance requirement.¹ Carriers offering policies in the non-group market may decline to write a health care policy for an individual who does not meet the carrier's underwriting standards. Individuals who are

¹ See HB 669 Health Insurance – HIPPA – Maryland Health Insurance Plan – Alternative Mechanism, enacted in the 2004 Legislative Session.

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unable to purchase non-group policies in the commercial market may purchase coverage from the Maryland Health Insurance Plan (MHIP).

When the General Assembly repealed the guaranteed issuance requirement, carriers were no longer required to sell a high or low policy option or its two most popular plans to individuals who failed to pass medical underwriting. Carriers that issued a high or low level policy option had to allow individuals to renew these policies and to charge no more than 200 percent of the rate the carrier would charge for other individuals.

Enclosed is the Maryland Insurance Administration's (MIA) most recent compilation of carriers with a low and high policy option and rates for the period 2004 through 2007. Prior to the repeal of the guaranteed issuance requirement, five carriers had a low and high policy option. Today, four carriers do. The number of individual enrolled in these options has declined to 2,763 members. The high and low policy options premiums are 200 percent of the premium charged for other individuals.

Given the repeal of the guaranteed issuance requirement, the MIA expects the number of individuals enrolled in a low or high policy option to continue to decline. Because these products are no longer actively sold, the MIA respectfully requests you consider eliminating this annual reporting requirement.

Sincerely,



Beth Sammis
Deputy Insurance Commissioner

BS:izm
Enclosures

cc: Marie L. Grant, Committee Staff, Senate Finance Committee
Linda Stahr, Committee Staff, House Health and Government Operations Committee
Sarah T. Albert, Library Associate, Department of Legislative Services (5 copies)

INDIVIDUAL MONTHLY HIPAA RATES EFFECTIVE 1/1/08

<u>COMPANY NAME</u>	<u>HIPAA OPTION</u>	<u>HIPAA HI/LOW RATES</u>	
CareFirst BlueChoice, Inc.	High/Low	BlueChoice <u>High Option</u>	BlueChoice <u>Low Option</u>
HIPAA Multiple: 200%		Age 35 - \$704.00	Age 35 - \$573.00
Members Mid 2007: 60		Age 45 - \$998.00	Age 45 - \$812.00
		Age 55 - \$1,559.00	Age 55 - \$1,269.00
CareFirst of Maryland, Inc.	High/Low	Personal Comp <u>\$400 Deductible</u>	Personal Comp <u>\$800 Deductible</u>
HIPAA Multiple: 200%		Age 35 - \$366.00	Age 35 - \$282.00
Members Mid 2007: 2,635		Age 45 - \$452.00	Age 45 - \$348.00
		Age 55 - \$579.00	Age 55 - \$446.00
Group Hospitalization and Medical Services, Inc.	High/Low	Blue Preferred High Option <u>Uses Underwritten Rx(closed)</u>	Blue Preferred <u>Low Option</u>
HIPAA Multiple: 200%		Age 35 - \$583.00	Age 35 - \$450.00
Members Mid 2007: 50		Age 45 - \$806.00	Age 45 - \$622.00
		Age 55 - \$1,259.00	Age 55 - \$971.00
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	High/Low	<u>\$10/\$20 Option Plan</u>	<u>\$30/\$40 Option Plan</u>
HIPAA Multiple: 1.97%		Age 35 - \$425.00	Age 35 - \$307.00
Members Mid 2007: 18		Age 45 - \$626.00	Age 45 - \$454.00
		Age 55 - \$965.00	Age 55 - \$637.00

OVERALL:

**ALL 4 CARRIERS AT 200%
2,763 MEMBERS MID 2007**

INDIVIDUAL MONTHLY HIPAA RATES EFFECTIVE 1/1/06

<u>COMPANY NAME</u>	<u>HIPAA OPTION</u>	<u>HIPAA HI/LOW RATES</u>	
CareFirst BlueChoice, Inc.	High/Low	BlueChoice <u>High Option</u>	BlueChoice <u>Low Option</u>
		Age 35 - \$605.00	Age 35 - \$479.00
		Age 45 - \$858.00	Age 45 - \$679.00
		Age 55 - \$1,341.00	Age 55 - \$1,062.00
CareFirst of Maryland, Inc.	High/Low	Personal Comp <u>\$400 Deductible</u>	Personal Comp <u>\$800 Deductible</u>
		Age 35 - \$308.00	Age 35 - \$227.00
		Age 45 - \$380.00	Age 45 - \$280.00
		Age 55 - \$486.00	Age 55 - \$358.00
Group Hospitalization and Medical Services, Inc.	High/Low	Blue Preferred <u>High Option</u>	Blue Preferred <u>Low Option</u>
		Age 35 - \$538.00	Age 35 - \$417.00
		Age 45 - \$743.00	Age 45 - \$576.00
		Age 55 - \$1,162.00	Age 55 - \$901.00
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	High/Low	<u>\$10/\$20 Option Plan</u>	<u>\$30/\$40 Option Plan</u>
		Age 35 - \$357.00	Age 35 - \$307.00
		Age 45 - \$522.00	Age 45 - \$454.00
		Age 55 - \$804.00	Age 55 - \$637.00

INDIVIDUAL MONTHLY HIPAA RATES EFFECTIVE 1/1/05

<u>COMPANY NAME</u>	<u>HIPAA OPTION</u>	<u>HIPAA HI/LOW RATES</u>	
CareFirst BlueChoice, Inc.	High/Low	BlueChoice	BlueChoice
		<u>High Option</u>	<u>Low Option</u>
		Age 35 - \$438.00	Age 35 - \$359.00
		Age 45 - \$604.00	Age 45 - \$497.00
		Age 55 - \$946.00	Age 55 - \$776.00
CareFirst of Maryland, Inc.	High/Low	Personal Comp	Personal Comp
		<u>\$400 Deductible</u>	<u>\$800 Deductible</u>
		Age 35 - \$308.00	Age 35 - \$227.00
		Age 45 - \$380.00	Age 45 - \$280.00
		Age 55 - \$486.00	Age 55 - \$358.00
Group Hospitalization and Medical Services, Inc.	High/Low	Blue Preferred	Blue Preferred
		<u>High Option</u>	<u>Low Option</u>
		Age 35 - \$521.00	Age 35 - \$457.00
		Age 45 - \$720.00	Age 45 - \$631.00
		Age 55 - \$1126.00	Age 55 - \$987.00
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	High/Low	<u>\$10/\$20 Option Plan</u>	<u>\$30/\$40 Option Plan</u>
		Age 35 - \$320.00	Age 35 - \$247.00
		Age 45 - \$467.00	Age 45 - \$365.00
		Age 55 - \$719.00	Age 55 - \$512.00

INDIVIDUAL MONTHLY HIPAA RATES EFFECTIVE 1/1/04

<u>COMPANY NAME</u>	<u>HIPAA OPTION</u>	<u>MOST POPULAR RATES</u>		
Fortis Insurance Company	Most Popular	Form 192 - Male Std. <u>\$500 Deductible</u>	Form 192 - Male Std. <u>\$1500 Deductible</u>	
		Age 35 - \$1086.00	Age 35 - \$773.00	
		Age 45 - \$1516.00	Age 45 - \$1139.00	
		Age 55 - \$2413.00	Age 55 - \$1844.00	
Golden Rule Insurance Co.	Most Popular	Plan 100 with PPO <u>\$500 Deductible</u>	Plan 100 with PPO <u>\$1,000 Deductible</u>	
		Age 35 - \$250.63	Age 35 - \$328.25	
		Age 45 - \$388.14	Age 45 - \$510.12	
		Age 55 - \$716.39	Age 55 - \$942.62	
Mega Life and Health Ins. Co.	Most Popular	Health Choice Benefit Plan - NS <u>\$600 Room & Board - Area D</u>	Health Choice Benefit Plan - NS <u>\$300 Room & Board - Area D</u>	
		Age 35 - \$50.00	Age 35 - \$37.00	
		Age 45 - \$77.00	Age 45 - \$56.00	
		Age 55 - \$132.00	Age 55 - \$97.00	
			Premiere PPO- NS <u>\$1500 Deductible - Area J</u>	Premiere PPO- NS <u>\$5000 Deductible - Area J</u>
			Age 35 - \$202.00	Age 35 - \$140.00
			Age 45 - \$310.00	Age 45 - \$214.00
			Age 55 - \$536.00	Age 55 - \$368.00
Physicians Mutual Insurance Company	Most Popular	Form P231 - \$500 Ded. <u>Standard Risk</u>	Form P232 - \$5000 Ded. <u>Standard Risk</u>	
		Age 35 - \$246.00	Age 35 - \$56.00	
		Age 45 - \$375.00	Age 45 - \$85.00	
		Age 55 - \$589.00	Age 55 - \$133.00	
United American Insurance Co.	Most Popular	Hospital & Surgical Expense \$7500 Maximum <u>\$300 Room, Male*</u>	Hospital & Surgical Expense \$2500 Maximum <u>\$300 Room, Male*</u>	
		Age 35 - \$75.00	Age 35 - \$61.00	
		Age 45 - \$75.00	Age 45 - \$61.00	
		Age 55 - \$161.00	Age 55 - \$127.00	

INDIVIDUAL MONTHLY HIPAA RATES EFFECTIVE 1/1/04

<u>COMPANY NAME</u>	<u>HIPAA OPTION</u>	<u>MOST POPULAR RATES</u>
United American Insurance Co.	Most Popular	Surgical & Medical Expense <u>Form SMXC-25, Male *</u>
		Age 35 - \$35.00
		Age 45 - \$35.00
		Age 55 - \$59.00
		Surgical & Medical Expense <u>Form SMXC-15, Male*</u>
		Age 35 - \$21.00
		Age 45 - \$21.00
		Age 55 - \$34.00

* plus \$6 on policy date