



Maryland
Hospital Association

MHA
6820 Deerpath Road
Elkridge, Maryland 21075-6234
Tel: 410-379-6200
Fax: 410-379-8239

June 16, 2011

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MARYLAND INSURANCE
ADMINISTRATION

Karen Barrow
Director of Public Affairs
Maryland Insurance Administration
200 St. Paul Place, Suite 2700
Baltimore, Maryland 21202

Dear Ms. Barrow:

On behalf of the 66 members of the Maryland Hospital Association (MHA), we appreciate the opportunity to comment on the two reports prepared by Oliver Wyman Actuarial Consulting for the Maryland Insurance Administration (MIA). The reports address MIA's review of health insurance premiums and opportunities for the public to provide input into the rate review process. We agree with many of the findings, and urge prompt action on the recommendations.

Recommendations for an "effective rate review program"

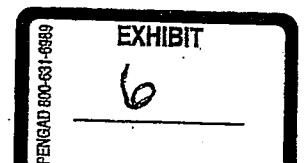
In prior testimony before the Health Services Cost Review Commission (HSCRC), MHA has questioned the apparent inconsistency between declining, low-single-digit rates of increase in total Maryland hospital costs, and steadily climbing, double-digit health insurance premium increases. Unveiling the reasons for this inconsistency requires information that is not currently readily available. To ensure an effective premium rate review process, the MIA must receive medical trend information that is broken out in great detail; this includes major service categories as well as comparisons between in-state and out-of-state providers. MHA fully supports efforts to encourage HSCRC and MIA to collaborate in taking advantage of the wealth of data on hospital rate/revenue increases that is maintained by the HSCRC. A detailed data analysis also will facilitate the recommended review of over- or under-estimates of prior medical trend projections and reserve needs.

Recommendations to improve the transparency of the rate-setting process

MHA supports the recommendations that would make the rate filing and rate approval process more transparent to the public, mostly by use of the Internet. However, because not all consumers have ready access to the Internet, we recommend that notice of the requests be published both in the *Maryland Register* and in local newspapers. MHA suggests that these notices be published at least 45 days prior to any change in rates.

In addition, while the MIA may seek public input into the rate-making process through its Web site, it is critical that a public hearing process be established. For years, the hospital field has participated in a series of monthly meetings, open to the public, on hospital rate updates. This process ensures that HSCRC Commissioners are fully informed about the impact that their

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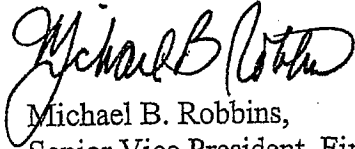
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decisions have on the cost of hospital services to the general public and to payors. This process can also be effective for the MIA. MHA recommends that such a public hearing process begin with insurers that have at least a three percent to a five percent share of the total health insurance market in Maryland.

We again thank the Administration for the opportunity to comment on the two reports, and we look forward to continuing this dialogue at the June 23 public hearing. If you have any questions regarding MHA's comments or recommendations, please contact me at (410) 379-6200.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael B. Robbins".

Michael B. Robbins,
Senior Vice President, Financial Policy