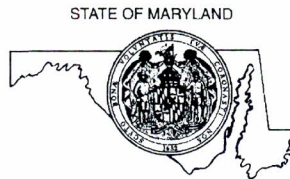


Marilyn Moon, Ph.D.
CHAIR



Rex W. Cowdry, M.D.
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

January 26, 2011

The Honorable Martin O'Malley
Governor
State of Maryland
Annapolis MD 21401-1991

The Honorable Thomas V. Mike Miller, Jr.
President of the Senate
H-107 State House
Annapolis MD 21401-1991

The Honorable Michael E. Busch
Speaker of the House
H-101 State House
Annapolis MD 21401-1991

Re: Uncompensated Care Savings from the Health Insurance Partnership

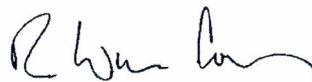
Dear Governor O'Malley, President Miller and Speaker Busch:

In accordance with § 2-1246 of the State Government Article, the Maryland Health Care Commission is issuing this letter to report on the uncompensated care savings derived from the Health Insurance Partnership premium subsidy program in FY 2010 and the methodology used by the Commission to track the uncompensated care savings.

The Commission estimates the savings in averted hospital uncompensated care resulting from the Health Insurance Partnership at \$485,000 for FY2010. Total premiums paid were approximately \$3,470,000. Total subsidies paid were approximately \$1,441,000. Assumptions used in arriving at the estimated savings include: the small group market medical loss ratio is 80%; hospital expenditures amount to 35% of total allowed health care expenditures; and the proportion of covered lives in the Partnership who were previously uninsured is approximately 50% (based on responses on the Partnership employee enrollment applications).

Please do not hesitate to contact me at 410.764.3565, if you have any questions about this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Rex W. Cowdry".

Rex W. Cowdry, M.D.
Executive Director

cc: Carolyn Quattrocki
Ms. Sarah Albert