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MARYLAND HEALTH CARE COMMISSION
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January 6, 2012

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
As required under Insurance Article § 15-12A-05, Annotated Code of Maryland**

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 2011 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 \$955,000 for FY 2011. Total premiums paid were approximately \$6,284,338. Total subsidies paid were approximately \$2,277,673.

MHCC derived the estimated savings from total premiums by applying the following assumptions:

- the small group market medical loss ratio is 80%;
- hospital expenditures amount to 38% 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,

Ben Steffen.
Acting Executive Director

cc: Carolyn Quattrocki
Ms. Sarah Albert