

MARTIN O'MALLEY
Governor

ANTHONY G. BROWN
Lt. Governor



RALPH S. TYLER
Commissioner

BETH SAMMIS
Deputy Commissioner

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January 4, 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 1993 General Assembly enacted HB 1359, Maryland's small group market reform law. HB 1359 included a "trigger" extending small group market reform rules to the entire market if more than 60% of Maryland's population under age 65 is: (1) covered under an insured benefit plan; or (2) covered under a self-funded employer or other group sponsored plan in which the employer or group has registered with the Maryland Insurance Commissioner (Commissioner) agreeing to obtain fully insured health benefits for a three year period. HB 1359 directed the Maryland Insurance Administration (MIA) to determine annually if the "trigger" has been reached.

Since 1993, no employer or self-insured other group has registered with the MIA. The MIA has calculated the number of Maryland residents under the age of 65 covered under an insured benefit plan, self-funded benefit plans and other arrangements.

The enclosed exhibits provide information about the type and source of health care coverage Maryland residents had for the years 2000 through 2007. About 27% of all Marylanders under the age of 65 have fully-insured health benefits through the group or individual market. About 34% have group health benefits provided by their employer or another group on a self-funded basis. About 11% have health benefits through the Federal Employee Health Benefit Plan.

The Honorable Thomas M. Middleton, Chairman
The Honorable Peter A. Hammen, Chairman
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As the exhibits show, the "trigger" has not been reached for the past 17 years. The stability of the source of health benefits coupled with the lack of registrations from self-funded employers and groups indicates the likelihood of reaching the "trigger" is minimal at best. For this reason, the MIA respectfully requests the General Assembly consider repealing the "trigger" and the attendant annual determination.

Sincerely,



Beth Sammis
Deputy Insurance Commissioner

BS:kc

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)

Estimated Maryland Lives

Exhibit B

Estimated Maryland Lives Under Age 65											
Figures from Trigger Report (Except Medicaid-Other Estimated and Uninsured)											
	2007		2006		2005		2004				
Group - Insured	1,172,254	23.5%	1,201,923	24.2%	1,271,774	25.7%	1,332,520	27.1%			
Group - Self-Insured	1,697,021	34.1%	1,695,167	34.1%	1,584,834	32.0%	1,582,151	32.2%			
FEHBP	2,869,275	57.6%	2,897,090	58.3%	2,856,608	57.7%	2,914,671	59.2%			
Individual	550,807	11.1%	551,143	11.1%	535,714	10.8%	520,853	10.6%			
	3,420,082	68.6%	3,448,233	69.4%	3,392,322	68.6%	3,435,524	69.8%			
	176,402	3.5%	170,047	3.4%	166,375	3.4%	166,302	3.4%			
	3,596,484	72.2%	3,618,280	72.8%	3,558,697	71.9%	3,601,826	73.2%			
Medicaid - Healthchoice	495,771	9.9%	487,670	9.8%	483,924	9.8%	469,032	9.5%			
Medicaid - Other Estimated	107,081	2.1%	109,595	2.2%	102,513	2.1%	99,050	2.0%			
	4,199,336	84.3%	4,215,545	84.9%	4,145,134	83.8%	4,169,908	84.8%			
Uninsured (Balancing Item)	783,729	15.7%	751,566	15.1%	803,338	16.2%	749,715	15.2%			
Under 65 Population	4,983,065	100.0%	4,967,111	100.0%	4,948,472	100.0%	4,919,623	100.0%			
	0.60		0.60		0.60		0.60				
60% Trigger	2,989,839		2,980,267		2,969,083		2,951,774				
Insured Lives Under Age 65 --- versus --- the "60% Trigger" Benchmark											
	2007		2006		2005		2004				
Group - Insured	1,172,254		1,201,923		1,271,774		1,332,520				
Individual	176,402		170,047		166,375		166,302				
Insured Lives - Without FEHBP	1,348,656	27.1%	1,371,970	27.6%	1,438,149	29.1%	1,498,822	30.5%			
FEHBP	550,807	11.1%	551,143	11.1%	535,714	10.8%	520,853	10.6%			
Insured Lives - With FEHBP	1,899,463	38.1%	1,923,113	38.7%	1,973,863	39.9%	2,019,675	41.1%			
60% Trigger	2,989,839	60.0%	2,980,267	60.0%	2,969,083	60.0%	2,951,774	60.0%			
"SHORTAGE"	1,090,376		1,057,154		995,220		932,099				
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Estimated Maryland Populations

Exhibit A

Maryland Populations for 2000 - 2002			--- Based On U.S. Bureau of the Census Data Released 9/18/03		
2003 Estimates Follow Patterns from 2000 through 2002					
	July 1, 2003	July 1, 2002	July 1, 2001	July 1, 2000	
Under Age 65 Only	4,904,421	4,841,438	4,776,562	4,710,828	
Age 65 and Over	624,179	616,699	609,517	601,633	
Total-All Ages	5,528,600	5,458,137	5,386,079	5,312,461	9/18/03
	88.71%	88.70%	88.68%	88.68%	
Under Age 65 Only	11.29%	11.30%	11.32%	11.32%	
Age 65 and Over	100.00%	100.00%	100.00%	100.00%	
Total-All Ages					
"Trigger" as 60% of Under Age 65	2,942,653	2,904,863	2,865,937	2,826,497	
					dpb

Estimated Maryland Lives

Exhibit C

Maryland Lives Under Age 65 --- Figures from Trigger Report (Except Uninsured)									
	2003	2002	2001	2000					
Group - Insured	1,338,300	1,394,693	1,473,273	1,594,922	30.8%				
Group - Self-Insured	1,602,703	1,580,113	1,551,148	1,402,252	32.5%				
*(EBL - Without FEHBP)	2,941,003	2,974,806	3,024,421	2,997,174	63.3%				
FEHBP	527,898	532,309	565,511	568,893	11.8%				
*(EBL - With FEHBP)	3,468,901	3,507,115	3,589,932	3,566,067	75.2%				
Individual	164,707	159,634	150,086	146,296	3.1%				
Medicaid	3,633,608	3,666,749	3,740,018	3,712,363	78.3%				
Uninsured (Balancing Item)	466,535	449,581	419,120	366,580	8.8%				
Under 65 Population	4,100,143	4,116,330	4,159,138	4,078,943	87.1%				
60% Trigger	804,278	725,108	617,424	631,885	12.9%				
	4,904,421	4,841,438	4,776,562	4,710,828	100.0%				
	0.60	0.60	0.60	0.60					
	2,942,653	2,904,863	2,865,937	2,826,497					
Self-Insured Lives Under Age 65									
Self-Insured	1,602,703	1,580,113	1,551,148	1,402,252					
% Under 65 Population	32.7%	32.6%	32.5%	29.8%					
% All Ages Population	29.0%	28.9%	28.8%	26.4%					
* % EBL (With FEHBP)	46.2%	45.1%	43.2%	39.3%					
* % EBL (w/o FEHBP)	54.5%	53.1%	51.3%	46.8%					
* EBL means Employment Based Lives									
									tdpb

Maryland
Populations and Employment

Maryland Populations --- U.S. Bureau of the Census						
	July 1, 2001	July 1, 2000	July 1, 1999	July 1, 1998	July 1, 1997	
Under Age 65 Only	4,771,481	4,697,179	4,574,673	4,543,263	4,509,541	
Age 65 and Over	603,675	599,307	596,961	591,545	585,383	
Total-All Ages	5,375,156	5,296,486	5,171,634	5,134,808	5,094,924	
	7/1/02					
Under Age 65 Only	88.8%	88.7%	88.5%	88.5%	88.5%	.885/
Age 65 and Over	11.2%	11.3%	11.5%	11.5%	11.5%	.115/
Total-All Ages	100.0%	100.0%	100.0%	100.0%	100.0%	.114/
"Trigger" as 60% of Under Age 65	2,862,889	2,818,307	2,744,804	2,725,958	2,705,725	
Maryland Employment --- Department of Labor, Licensing, and Regulation						
	2001	2000	1999	1998	1997	
June-July Average	2,768,762	2,736,843	2,722,346	2,666,122	2,682,665	
June-July Ave-Seasonally Adjusted	2,724,278	2,692,150	2,677,214	2,622,897	2,637,979	
Straight Annual Average	2,721,724	2,696,543	2,676,488	2,627,956	2,640,878	
Employed as % Under Age 65	57.0%	57.4%	58.5%	57.8%	58.6%	
Employed as % All Ages	50.6%	50.9%	51.8%	51.2%	51.8%	
						end

Maryland Lives ESTIMATED

Exhibit B

MIA Derivations Based on "Trigger Reports"													
	2001				2000				1999		1998		
All Carriers --- Maryland Lives Under Age 65													
Group Insured	1,516,220	31.8%	1,594,922	34.0%	1,714,512	37.5%	1,814,177	39.9%					
Group Self-Insured	1,457,027	30.5%	1,313,011	28.0%	1,208,022	26.4%	1,108,605	24.4%					
Group	2,973,247	62.3%	2,907,933	61.9%	2,922,534	63.9%	2,922,782	64.3%					
FEHBP	565,511	11.9%	568,893	12.1%	610,727	13.4%	616,148	13.6%					
Employment Based	3,538,758	74.2%	3,476,826	74.0%	3,533,261	77.2%	3,538,930	77.9%					
Individual	149,672	3.1%	146,296	3.1%	135,876	3.0%	133,895	2.9%					
Medicaid	419,120	8.8%	366,580	7.8%	245,484	5.4%	195,974	4.3%					
Uninsured (Balancing Item)	663,931	13.9%	707,477	15.1%	660,052	14.4%	674,464	14.8%					
Under 65 Population	4,771,481	100.0%	4,697,179	100.0%	4,574,673	100.0%	4,543,263	100.0%					
Comparison of "Insured Lives" to "60% Trigger"													
	2001		2000		1999		1998						
Group	1,516,220		1,594,922		1,714,512		1,814,177						
Individual	149,672		146,296		135,876		133,895						
Insured Lives - Without FEHBP	1,665,892	34.9%	1,741,218	37.1%	1,850,388	40.4%	1,948,072	42.9%					
FEHBP	565,511		568,893		610,727		616,148						
Insured Lives - With FEHBP	2,231,403	46.8%	2,310,111	49.2%	2,461,115	53.8%	2,564,220	56.4%					
60% Trigger (Under Age 65)	2,862,889	60.0%	2,818,307	60.0%	2,744,804	60.0%	2,725,958	60.0%					
													end

Maryland Lives ESTIMATED

Exhibit C

MIA Derivations Based on "Trigger Reports"									
All Carriers -- Maryland Lives Under Age 65									
	2001		2000		1999		1998		
Group Insured	1,516,220	31.8%	1,594,922	34.0%	1,714,512	37.5%	1,814,177	39.9%	
Group Self-Insured	1,457,027	30.5%	1,313,011	28.0%	1,208,022	26.4%	1,108,605	24.4%	
Group	2,973,247	62.3%	2,907,933	61.9%	2,922,534	63.9%	2,922,782	64.3%	
FEHBP	565,511	11.9%	568,893	12.1%	610,727	13.4%	616,148	13.6%	
Employment Based	3,538,758	74.2%	3,476,826	74.0%	3,533,261	77.2%	3,538,930	77.9%	
Individual	149,672	3.1%	146,296	3.1%	135,876	3.0%	133,895	2.9%	
Medicaid	419,120	8.8%	366,580	7.8%	245,484	5.4%	195,974	4.3%	
Uninsured (Balancing Item)	663,931	13.9%	707,477	15.1%	660,052	14.4%	674,464	14.8%	
Under 65 Population	4,771,481	100.0%	4,697,179	100.0%	4,574,673	100.0%	4,543,263	100.0%	
Self-Insured Lives									
	2001		2000		1999		1998		
Self-Insured	1,457,027		1,313,011		1,208,022		1,108,605		
as % Under 65 Population	30.5%		28.0%		26.4%		24.4%		
as % All Ages Population	27.1%		24.8%		23.4%		21.6%		
as % MD Employment	53.5%		48.7%		45.1%		42.2%		
									end

Carefirst Market Share

Exhibit D

All Carriers --- Maryland Lives Under Age 65					
	2001	2000	1999	1998	
Insured	1,516,220	1,594,922	1,714,512	1,814,177	✓
Self-Insured	1,457,027	1,313,011	1,208,022	1,108,605	1,165,381
	2,973,247	2,907,933	2,922,534	2,922,782	2,979,558
FEHBP	565,511	568,893	610,727	616,148	✓
Group	3,538,758	3,476,826	3,533,261	3,538,930	3,595,706
Individual	149,672	146,296	135,876	133,895	✓
Individual and Group	3,688,430	3,623,122	3,669,137	3,672,825	3,729,601
Carefirst(DC & MD) --- Maryland Lives (includes PHN even prior to 2000 purchase) Under Age 65					
	2001	2000	1999	1998	
Insured	495,637	518,048	523,721	530,389	
Self-Insured(with Willse)	838,735	714,682	604,075	534,922	
	1,334,372	1,232,730	1,127,796	1,065,311	
FEHBP	316,743	315,398	306,605	310,260	
Group	1,651,115	1,548,128	1,434,401	1,375,571	
Individual	115,103	102,367	94,699	88,700	
Individual and Group	1,766,218	1,650,495	1,529,100	1,464,271	
Carefirst (MD & DC) Lives as a % MD Individual & Group Lives Under Age 65					
	2001	2000	1999	1998	
Insured	32.7%	32.5%	30.5%	29.2%	
Self-Insured	57.6%	54.4%	50.0%	48.3%	
	44.9%	42.4%	38.6%	36.4%	
FEHBP	56.0%	55.4%	50.2%	50.4%	
Group	46.7%	44.5%	40.6%	38.9%	
Individual	76.9%	70.0%	69.7%	66.2%	
Individual and Group	47.9%	45.6%	41.7%	39.9%	
Carefirst (MD & DC) Lives as a % MD Under Age 65 Population					
	2001	2000	1999	1998	
Carefirst Individual & Group	1,766,218	1,650,495	1,529,100	1,464,271	
Under Age 65 Population	4,771,481	4,697,179	4,574,673	4,543,263	
	37.0%	35.1%	33.4%	32.2%	
					end