



**Testimony in Support of House Bill 530
House Insurance Committee
March 2, 2022**

Chairman Brinkman, Vice Chairman Lampton, Ranking Member Miranda and members of the House Insurance Committee, on behalf of Aetna, my name is Russell Harper, and I currently serve as the Executive Director of State Government Affairs, Mid America Region. Today, I am here to express Aetna's support of House Bill (HB) 530 which will provide critical consumer protections for Ohio's insurance market.

The legislation, based on a National Association of Insurance Commissioners (NAIC) model act, will make positive changes to the Ohio Life and Health Insurance Guaranty Association by further protecting consumers from instances when insurance companies experience an insolvency. Insurance company failures are rare, but when they happen, other companies are responsible to help pay off the company's claims and protect policyholders through groups known as state guarantee associations. State life and health insurance guaranty associations, which are in all 50 states, provide a safety net for their state's policyholders, ensuring that they continue to receive coverage even if their insurer is declared insolvent.

In 2017, Penn Treaty, a long-term care insurer, was ruled by a Pennsylvania judge insolvent, leaving health insurers across the country, including those in Ohio, on the hook for losses in the hundreds of millions of dollars. In these situations, long-term care coverage is treated as health insurance, so health insurers are liable for the payments.

In the wake of the Penn Treaty insolvency, the major life and health insurance carriers understood the strain on the states' life and health guaranty funds and worked toward developing a fair, balanced approach to calculating assessments for future long-term care insolvencies.



Aetna and several other large health insurance companies (like Anthem, United), and the American Council of Life Insurers (ACLI) reached an agreement to reform the existing system that recognizes the societal benefits of a functioning and fair safety net for consumers. This was achieved in two ways:

1. Broadening the base of assessed insurers to include HMOs; and,
2. Equally splitting the assessment burden with life insurers.

This agreement is the basis of HB 530.

As of today, the language found in HB 530 has been passed by 34 other states, relevant to their respective state codes, with several other states in process of considering it this year.

Here in Ohio, we have worked over the past eighteen months with the interested parties in developing language in this bill that reflects our collective interests in stabilizing the state-based health insurance and guaranty funds systems.

It's our collective view that the system reforms under consideration by the Committee today will strongly safeguard consumer interests in the event of future insolvencies. Aetna appreciates your consideration and respectfully requests the Committee's support of House Bill 530.

I would be happy to entertain any questions.