



**Testimony in Support of Senate Bill 273  
Senate Insurance Committee  
February 16, 2022**

Chairman Hackett, Vice Chairman Romanchuk, Ranking Member Craig and members of the Senate Insurance Committee. My name is Michelle Stoughton, and I am Senior Director of Government Relations for Anthem Blue Cross and Blue Shield in Ohio. Anthem supports Senate Bill 273 which would provide critical consumer protections for Ohio's insurance market. Senate Bill 273 would make changes to Ohio's Life and Health Insurance Guaranty Association to ensure that consumers can purchase insurance products safe in the knowledge that their coverage will be protected if there is a future insolvency.

Major insolvencies in the long-term care insurance market have recently strained the capacity of the guaranty fund to absorb the associated liabilities. Most recently, Penn Treaty a long-term care insurer who became insolvent left consumers with millions of dollars of unpaid benefits that had to be assessed against guaranty fund associations across the country, including Ohio, to fulfill the resulting obligations.

Long-term care insurance, while classified as a "health" policy under the Ohio Guaranty Association, is not written by major medical insurers in any material way. Due to this, when a long-term care insurer becomes insolvent, like Penn Treaty, the health insurance industry is assessed based on its major medical membership. However, the insurance market has changed, and major medical health insurance industry cannot bear a disproportionate share of the burden. Acknowledging this, Anthem and several other large health insurance companies, and the American Council of Life Insurers worked together to reform the existing system in a way that recognizes the societal benefits of a functioning and fair safety net for consumers by (1) broadening the base of assessed insurers to include HMOs and (2) equally splitting the assessment burden with life insurers. This agreed to legislation is the basis of Senate Bill 273.

Senate Bill 273 is model legislation from the National Association of Insurance Commissioners (NAIC) and has been passed by 34 other states with several other states considering it in 2022. Here in Ohio, we have worked with the interested parties, and I think we can all agree that stability of the state-based system requires a unique and creative solution and they partnered with us toward that end. Life insurers have agreed voluntarily to cover half of any future long-term care insolvency assessments which is something the industry both commends and appreciates. In exchange, health insurers have agreed to include their non-government HMO lives to broaden the base that is included in the assessment calculation.

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. We appreciate your consideration and respectfully request the Committee's support of Senate Bill 273.

I would be happy to answer any questions.