

**Jay Hottinger**  
State Senator  
31<sup>st</sup> District



**Bob Hackett**  
State Senator  
10<sup>th</sup> District

**Substitute Senate Bill 273, Sponsor Testimony**  
**House Insurance Committee**  
**June 1, 2022**

Chairman Brinkman, Vice-Chair Lampton, Ranking Member Miranda and members of the House Insurance Committee, thank you for the opportunity to provide sponsor testimony on Substitute Senate Bill 273.

This legislation will update Ohio law in order to align it with the National Association of Insurance Commissioners (NAIC) Life and Health Insurance Guaranty Association Model Act. This Model Act addresses key issues regarding guaranty fund coverage for long-term care (LTC) insurance insolvencies.

As you may know, state guaranty funds are pools of funding used to pay claims when an insurance company is deemed insolvent. These funds are essential to policyholders in the event of insurer insolvencies as they provide a critical consumer protection. This system can be greatly improved by expanding the base of insurers who contribute to the funds and by equalizing the burden shared between life and health insurance companies. Moreover, HMOs are exempt from participating in guaranty funds. Thus, assessments are spread over only a portion of the health insurance companies in a market and there is a critical gap in consumer protection as members of HMOs are not protected against insurer insolvency.

This Model Act makes two key changes to the current law. First, HMOs would be added to the assessment base for guaranty funds ensuring that all companies in the relevant insurance sector help fund an insolvency. Secondly, assessments would be split equally between health insurers and life insurance companies. Historically, health insurance companies have paid the majority of assessments for LTC insolvencies. To date, thirty-four states have passed this NAIC Model Act.

In the Senate Insurance Committee, we added an amendment regarding alternative retirement plan required distributions. This amendment prohibits a benefit or payment from being paid to an alternative retirement plan (ARP) participant or the participant's beneficiaries, if provided under the ARP or an investment option, before the participant is required to begin receiving minimum distributions under federal law. It also specifies that a provider is not required to obtain the consent of an ARP participant's spouse before making minimum distributions required under federal law. The amendment was approved unanimously by the Senate Insurance Committee.

Thank you again for allowing us to give sponsor testimony on SB 273.