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Governor

ANTHONY G. BROWN
Lt. Governor

RALPH S. TYLER
Commissioner

BETH SAMMIS
KAREN STAKEM HORNIG
Deputy Commissioners

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2090 Fax: 410-468-2020
Email: rtyler@mdinsurance.state.md.us
1-800-492-6116 TTY: 1-800-735-2258
www.mdinsurance.state.md.us

December 18, 2009

The Honorable Thomas V. Mike Miller, Jr.
President of Senate
State House, H-107
Annapolis, MD 21401-1991

The Honorable Michael E. Busch
Speaker of House of Delegates
State House, H-101
Annapolis, MD 21401-1991

Re: <u>2009 Annual Report on the Qualified State Long-Term Care Insurance Partnership</u>

Dear President Miller and Speaker Busch:

The Department of Health and Mental Hygiene and the Maryland Insurance Administration are required to report annually to you certain information specified in § 15-407 of the Health-General Article on the effectiveness of the Qualified State Long-Term Care Insurance Partnership ("Program"), the impact of the Program on State expenditures for medical assistance, the number of enrollees in the Program, and the number of long-term care insurance partnership policies offered in the State.

The Program is still in the implementation phase and, as of this date, there are no enrollees in the Program and no long-term care insurance partnership policies have been issued in Maryland. However, much work has been done in 2009, and we anticipate that individuals will begin to be enrolled in this Program in the early months of 2010. The following progress has occurred:

- As reported in our letter of December 15, 2008, the regulations needed to implement this Program were finalized December 5, 2008 and became effective December 15, 2008.

- The Department of Health and Mental Hygiene filed the State plan amendment with the Centers for Medicare and Medicaid Services, which was approved March 31, 2009, with a retroactive effective date of January 1, 2009. Federal law required that the State plan amendment be approved before any long-term care insurance partnership policies could be issued in Maryland.

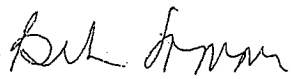
- Senate Bill 716 / House Bill 590 (Chapters 597 and 598, Acts of 2009) corrected problems in the law that made the sale of long-term care insurance partnership policies extremely difficult for insurers. Chapters 597 and 598 became effective June 1, 2009. We believe that insurers waited for the enactment of Chapters 597 and 598 before beginning to consider participating in the Program.

- Before insurers could file for certification for the Program, they were required to file new applications for applicants to use to apply for the long-term care partnership insurance. As of December 11, 2009, nine insurers have filed new long-term care insurance partnership applications for approval. Some of the applications required revisions, and this review process is continuing.

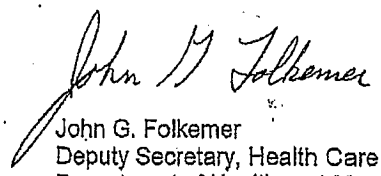
- As of December 11, 2009, four insurers have filed for certification of their long-term care insurance policies to be certified long-term care insurance partnership policies in Maryland. Three of these insurers have received certification of their long-term care insurance partnership policies for the Program: Assurity Life Insurance Company, Berkshire Life Insurance Company of America, and Mass Mutual Life Insurance Company.

We expect insurers will be able to begin selling long-term care insurance partnership policies under this Program in early 2010 and anticipate that the data required by § 15-407 of the Health-General Article will be available for the 2010 report, due January 1, 2011.

Sincerely,



Beth Sammis
Deputy Commissioner
Maryland Insurance Administration



John G. Folkemer
Deputy Secretary, Health Care Financing
Department of Health and Mental Hygiene

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)
Brenda A. Wilson, Associate Commissioner,
Life and Health, Maryland Insurance Administration