

John Pate Felts
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July 14, 2016

The Honorable Stephen Taylor
Commissioner
Department of Insurance, Securities, and Banking
810 First Street, N.E., Suite 710
Washington, DC 20002

Dear Commissioner Taylor:

I write to register my opposition to the proposal your department that addresses the soundness of CareFirst's reserves. First, as the regulator of the District of Columbia's insurance companies, I believe you should err on the side of more than ample reserves to meet the increasing demands we are seeing for medical services. Secondly, I am concerned about using any portion of the reserves paid in by CareFirst subscribers for anything other than their own health care needs.

As you know, the entities primarily affected by this in the District of Columbia are small businesses and nonprofits who struggle to meet their financial needs, and a top priority of these small businesses and nonprofits is to provide health insurance coverage for their employees. Whether the premiums are paid directly by the small business or nonprofit employer or from the salary provided to the employee by the small nonprofit employer, the effect is the same. These limited dollars are used to cover the health needs of the employees. Obviously, if the premiums are too high for any given period and the reserves are accordingly are greater than are needed even in the most demanding situation, then those premium dollars still belong to the CareFirst subscribers who paid them and should be returned or used to pay for the subscriber's future premiums.

In summary, I would urge you to keep the reserves more than adequate to cover the health care cost of subscribers and, if reserves are found to be too large, no case should the Insurance Commissioner of the District of Columbia divert these premiums for other needs other than to benefit those who paid for the premiums.

Sincerely,



John Pate Felts