

**1425 Rhode Island Avenue, NW #60
Washington, DC 20005**

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 am writing this letter with regard to the recent Decision and Order you issued related to Group Hospitalization and Medical Services, Inc. Plan, otherwise known as CareFirst BlueCross BlueShield (“CareFirst”). My independent, small business has been covered by CareFirst for over a decade. I am concerned that you understand the importance of this coverage to small firms such as mine, as well as to the non-profit organizations operating in the District of Columbia with whom I work and support.

For nearly 10 years, officials in the District of Columbia have repeatedly sought to divert from CareFirst hundreds of millions of dollars in funds held in reserve for the protection of their subscribers. Most recently, the DISB has initiated proceedings to devise a District-specific plan for the dedication of \$56M in reserves to community benefit programs in DC. Such attempts to access CareFirst’s reserves violate the intended purpose of these reserves. CareFirst’s Federal Charter, states that the Company “exists for the benefit of its certificate holders [subscribers].” The reserves of CareFirst were built by the company’s premium payers and therefore should be used for the benefit of payers, not as a source for the District of Columbia to use to fund public programs.

There are two key points I would make on behalf of firms like mine and on behalf of the many non-profits in the District:

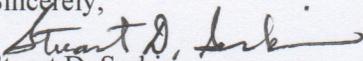
1. We support effective implementation of the Patient Protection and Affordable Care Act. With implementation projected to continue through 2018, our insurance companies need to be sure they can meet the requirements of this important piece of legislation, and that includes maintaining a healthy level of reserves. I believe that CareFirst's reserves fall within the optimal range to meet the requirements of the Affordable Care Act. We would urge you to err on the side of strong reserves to cover all contingencies that could arise to insure that this critically important law succeeds.
2. As a subscriber and executive responsible for an account whose premiums helped to build the reserves in question, should there be any determination that GHMSIs

reserves are excessive I would expect that those dollars would be returned back to us to help reduce the premium we pay for our employees.

Finally, it is important to note that CareFirst has been an important partner in the community, providing over 40 million per year in charitable giving throughout the region. These charitable contributions deserve to be honored, and CareFirst recognized as a trusted community leader and partner.

As you continue your review and consider the information before you, it is my hope that your conclusions take into account the impact that they may have on small businesses such as mine. If you need further information, please feel free to contact me.

Sincerely,


Stuart D. Serkin

Vice President
Trammell & Company