



Maryland
Hospital Association

RECEIVED

2009 SEP 10 P 12: 51

MHA

6820 Deerpath Road
Elkridge, Maryland 21075-6234
Tel: 410-379-6200
Fax: 410-379-8239

September 8, 2009

DEPARTMENT OF INSURANCE
SECURITIES AND BANKING

The Honorable Gennet Purcell, Esq.
Commissioner
D.C. Department of Insurance, Securities and Banking
810 First Street, NE, Suite 701
Washington, DC 20002

Dear Commissioner Purcell:

On behalf of Maryland's hospitals and the communities we serve, the Maryland Hospital Association (MHA) writes to urge caution in your agency's review of the financial reserves held by CareFirst BlueCross BlueShield affiliate Group Hospitalization and Medical Services, Inc. (GHMSI). While we do not typically get involved in District-related issues, your actions have the potential of harming the company, the health plan's subscribers and the health care providers who deliver their care, many of whom are Marylanders.

We recognize that District law requires you to evaluate the appropriateness of that portion of GHMSI's reserves attributable to the District. However, we are concerned about how such a difficult parsing of reserves by area might accurately be calculated. Only about one in 10 of GHMSI's members are residents of the District of Columbia. Over forty percent of GHMSI's members reside in the state of Maryland. Because most people seek medical care near where they live, the overwhelming majority of GHMSI's subscribers likely receive their health care from doctors and hospitals in neighboring Maryland and Virginia. An action taken by the District could negatively affect the entire region, including subscribers, hospitals and other care providers in Maryland.

As a not-for-profit company, CareFirst and GHMSI should be held accountable for investing in the communities they serve. CareFirst has been an important partner in many initiatives to improve access and the quality of health care for Marylanders. For example, CareFirst has committed \$1.5 million to Maryland's *Who Will Care?* initiative to address the critical nurse shortage facing our region. CareFirst also has collaborated through the Maryland Patient Safety Center on numerous projects to improve the quality and safety of hospital care in our state and in the District too. We would like to see those investments continue in Maryland as well as in other parts of their service region.

At a time when Maryland hospitals are financially challenged as a result of a continuing weak economy, it's especially critical to assure that insurers like GHMSI have sufficient financial reserves, not only for these important community investments, but also to reimburse doctors,

The Honorable Gennet Purcell, Esq.
Page Two

hospitals and others for the care provided to GHMSI subscribers. A decision to redirect a portion of the insurer's reserves for other purposes reduces their available funds.

It is important for a company with broad obligations like GHMSI to build and maintain optimal reserves. Whatever you determine, it is critical that nothing be done that would hinder the company's ability to serve its Maryland customers, health care providers and communities.

Sincerely,

A handwritten signature in black ink that reads "Carmela Coyle". The signature is fluid and cursive, with the first name "Carmela" and last name "Coyle" clearly distinguishable.

Carmela Coyle
President & CEO