

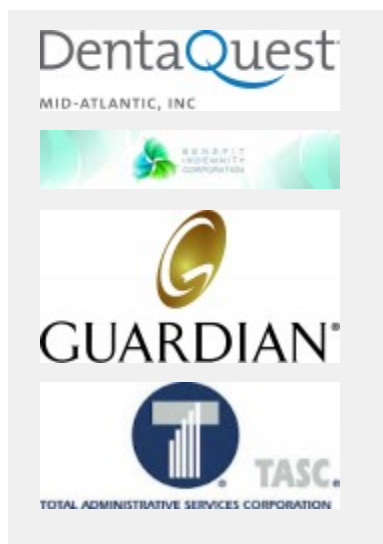


January 2015

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Sponsors

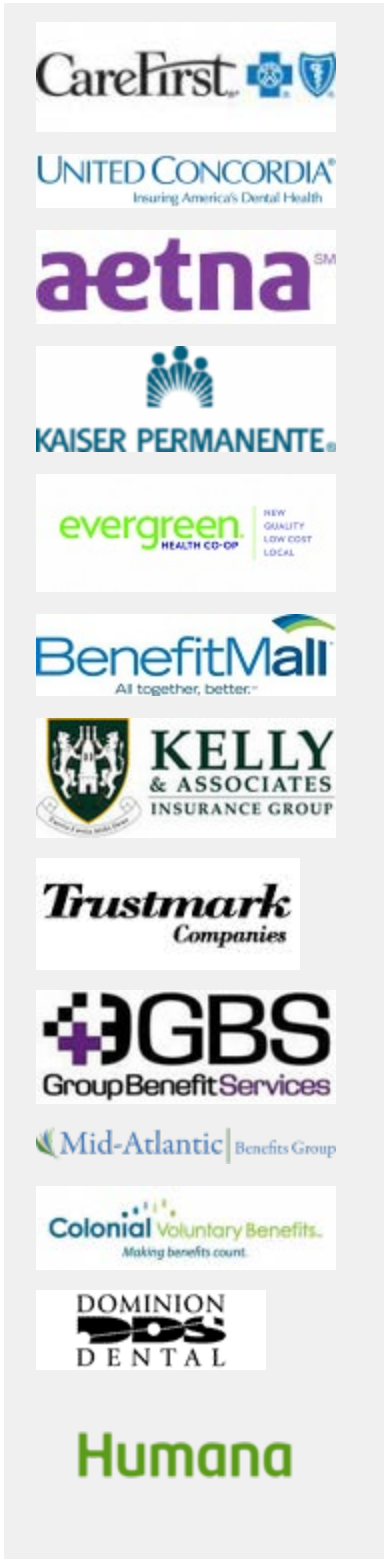


President's Report

Hello all, and thank you for opening up the first MAHU newsletter of 2015. The newsletter will be published quarterly and will be filled with tools that will keep you ahead of the competition. Articles in the newsletter will contain legislative updates, compliance updates (written by a local ERISA attorney) continuing education opportunities and meeting dates from the locals and state. Product updates from all of the carriers in Maryland will be another feature of the newsletter. Be on the lookout for information encompassing health insurance, ancillary benefits and LTC insurance.

Our # 1 goal in 2015 and beyond is to show you the value of MAHU/NAHU membership. Membership costs you \$1.07 a day. Take a moment scroll through the new MAHU website; check out all of the information that is here for you. When you are finished go to www.NAHU.org and click on the tabs there, unless you visit the site weekly you will be there for a long time scrolling through the wealth of tools and resources at your fingertips.

Switching gears, all of us are certainly glad the fourth quarter of 2014 is behind us. We all knew it was coming, however no matter whom I speak with- brokers, General Agents, carrier representatives, and most of all clients'- it was a rough one. It will probably take the first quarter of 2015 to resolve billing and enrollment issues alone. Then we have to decide do we go back through this in fourth quarter 2015 or do we change our clients plan year, take them to composite



rates, and change carriers... *Where will it end and when will it end?*

Washington, D.C. passed a bill that virtually eliminates self-funding for groups under 100 lives. It is a harsh reality that this type of legislation could cross over the state line to Maryland. It's your MAHU dollars that allow us to fight the battle to keep the marketplace alive with diverse products. Self-funding under 100 is just one vehicle that keeps the competitive landscape alive with consumer-centric options. Don't your clients deserve the choice?

Ladies & gentleman MAHU needs you and you need MAHU. Remember strength in numbers. Membership and your participation in your association are more important than ever.

Take a moment and mark your calendars right now for the upcoming MAHU symposium. We start the evening of April 22nd with our awards dinner and continue the next day with a jammed pack schedule of speakers and sessions designed to give you valuable information that will help you prepare for the ever changing world of employee benefits. Another important date on your calendar has to be the NAHU Capitol Conference, which will be held in Washington, D.C. February 23 – 25, 2015. Last year 900 brokers from around the country attended this event, and walked away understanding the value of their NAHU membership. First timers- consider a one day registration; I promise you will be back the following year for the entire event.

In closing, there are a lot of rumors and sightings out there of an organization named Zenefits. It is very important that we work together to ensure that they are operating within the scope of Maryland insurance law. If you encounter them contacting your clients I want to know.

Any comments and or concerns you have regarding the MAHU newsletter, I would like to hear from you. My office number is 301-762-5372 and my e-mail address is alan@insbenefits.com

Thank you,



Avēsis
A National Vision, Dental and Hearing Company

Photo Gallery

Would you like to see the images from our last meeting?



Contact Us

PO Box 4593
Timonium, MD 21094-4593



Alan Schulman

MAHU President

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Local Chapter Reports

BAHU REPORT

MAHU Members:

Happy New Year! I hope that everyone had time over the holidays to recharge and spend time with family and friends after the busiest fourth quarter I have experienced so far.

It is hard to believe that we are already halfway through the 2014-2015 BAHU Board Year. In the first half of the year, the team successfully implemented several impactful events. On September 25, BAHU hosted its Annual Block Buster Event at the BWI Hilton. The event featured the following presentations: Senator Thomas Middleton, Chairman, Senate Finance Committee; Marcy Buckner, Senior Director of State Affairs (NAHU) – delivering a Legislative Update and Industry Forecast; Carolyn Quattrocki, Executive Director of the Governor’s Office of Health Care Reform giving an update on the Maryland Health Benefit Exchange 2014/2015 Update and a Panel Discussion on the Maryland SHOP Administration with BenefitMall, Group Benefit Services all participating. On December 9th, BAHU hosted an afternoon of CE’s presented by Jennifer S. Berman, Esq. of the Holder Law Group at the Hotel Monaco in downtown Baltimore. Jennifer reviewed the top election change requests and the rules surrounding these changes and provided an overview of the new Employer Reporting Requirements. This hour meeting was followed by our holiday member happy and GCCF toy drive.

The BAHU Board looks forward to bringing our membership more exciting programming in 2015! This month, we will be supporting and attending events for both Senator Thomas Middleton on January 9th and Governor Elect Larry Hogan on January 13th. Our next

member meeting will be held on February 4th at Hayfield's Country Club. This is a 3 hour Ethics CE presented by Sandy Walters of Kelly and Associates Insurance Group and registration will begin at 8 am. I look forward to seeing you in February!

Best Regards,

Monique S. Spagnola

BAHU President

ESAHU REPORT

Our December Holiday meeting was small, yet offered a few hours of distraction away from the hustle and bustle with guest motivational speaker Dick Van Gelder. We collected many bags full of canned goods to donate to the St. Vincent De Paul Food Bank of Talbot County.

Our next meeting is in Ocean City on February 11th from 1-4 PM, followed by our annual Happy Hour. Both events will be held at the Princess Royale Hotel on 91st Street. Rodger Bayne will deliver our Ethics CE's.

On Monday January 12th, Brad Sutcliffe, Treasurer, will deliver a \$1000 donation and attend a fundraiser for Governor Elect Larry Hogan in Annapolis. Stay tuned for pics!

Other than these few bits of news, all remains pretty quiet on the shore. We encourage your continued membership and support.

Regards,

Daneen Seifert

ESAHU President

GWAHU REPORT

2014 was a mixed bag for the Greater Washington Association of Health Underwriters..

We had successful, well attended membership meetings. We attempted to cover topics that were important to the GWAHU membership. GWAHU had another successful

golf tournament. We were lucky that the weather cooperated with a beautiful day, and we were able to once again raise funds to support our annual lobbying efforts on behalf of the Brokerage community and to support our charity of choice, CureSearch (www.curesearch.org). GWAHU also held our annual “Bear Party”. We collected a large number of stuffed animals and games and toys for the children at Children’s Hospital. Our BOD and our membership should be very proud to have participated in these successful ventures. We are hoping to repeat and surpass these successes in 2015.

On the opposite side... We fought hard, but were only able to push back the closing of the marketplace for 1 year in DC. As most of you know DC (as opposed to Maryland) does not allow for enrollment (2-50 market) outside of the DC Healthlink. We were able to get this pushed back to 2015, but not further. We continue to work with our Lobbyist, Kevin Wrege, to mitigate issues that make it more difficult to operate in this marketplace. Gaining 1 year of normalcy was a good achievement, but we were disappointed that we were not able to achieve our ultimate goal. We are also disappointed that our membership has not continued to grow at the pace that we would like. We are hoping that the Brokerage community continues to see how hard the Associations fight for their livelihood and will feel compelled to join the fight.

We are looking forward to a very successful 2015. We have some very exciting events planned, including the movement of our annual golf tournament to the spring from the fall. We feel that our new date of April 27th, 2015 will make it easier for the Brokers and others in our marketplace to get out of the office for a day and enjoy a great day at Lakewood Country Club with GWAHU. Please visit our website (www.gwahu.org) to see our schedule.

We wish everyone a very happy, healthy, and successful new year!!!!!!

Thanks,

Joel Pitt

GWAHU President

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Welcome New Members

Happy New Year! 2015 is going to be the year that MAHU excels in Membership. Please consider making one of your professional goals for 2015 *to recruit a member for MAHU*. This should be an easy goal to attain and just think; if each MAHU member recruits one member we will double our membership and tremendously assist MAHU in growing its finances.

Reach out to colleagues and express the *benefits of being a MAHU member*. Insurance professionals need to keep in mind that the small amount we pay for dues allows NAHU to be a strong voice for us on Capitol Hill. The resources on the NAHU website, [Compliance Corner](#) and [Professional Development](#) alone, are worth the dues. Also, remind your contemporaries that MAHU members are eligible for discounts on products and services that can enhance business success and increase bottom line, including E&O insurance, credit card services, and office product savings.

Get excited about NAHU's Membership Campaign which runs from January – April 30, 2015. There are three ways you can WIN!

1. Top Regional Recruiter – top recruiter from each region will win \$500. We are located in Region 2.
2. Recruit **TWO** New Members - Members who recruit two new members will be in a drawing to receive a \$250 gift card. There will be four winners.
3. **GRAND PRIZE** – Members will be entered into a grand prize drawing for a FREE 2015 Annual Convention registration; airfare to the convention; and four nights hotel stay at the convention hotel. To be entered into this grand prize drawing, you must complete the below three criteria:

- Recruit 6 new members
- Qualify for a Triple Crown
- Earned a NAHU certification since January 2013

Most importantly, PLEASE WELCOME AND THANK OUR NEWEST MEMBERS!

- Joe Seifert from Kelly & Associates, Inc.
- Monique Spagnola from DentaQuest
- Joy Marshall from Avery hall Benefit Solutions, Inc.
- Amber Berry from Workforce Tactix, Inc.
- Erica Gates from Exude, Inc.
- Janice Conolley from Covenant Financial Strategies, Inc.

Remember without MAHU, health insurance professionals would be left alone to deal with ever-changing regulations and reform. MAHU and NAHU are your partners during this tumultuous time and will provide with you all you need to continue growing your business and having a successful career.

SUPPORT MAHU IN 2015! RECRUIT A MEMBER!!!!!!!!!!!!!!!

Mary Menganson

ESAHU President

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Legislative Update

2014 was an industry shaking year for Maryland; Broker's, TPA's, and Carriers alike. The implementation of some of the key provisions of the Affordable Care Act during the 2014 plan year brought many obstacles. We have experienced considerable changes to the ways in which we serve our clients and

do business in general. With that being said, everyone may be able to begin to breathe a collective sigh of relief in 2015. Sweeping political changes across the State of Maryland and the nation have occurred as a result of the 2014 midterm elections.

In Maryland, we saw the election of Larry Hogan (R) to the Governor's Office. Governor-elect Hogan, who will take office on January 21, 2015, has a long tenured career as a successful business owner in the state of Maryland. It is believed that the Governor-elect will bring a fresh perspective to this office that will positively impact the Maryland insurance industry and the Maryland business community. An industry wide fundraiser was held earlier this week to support Governor-elect Hogan at The Annapolis Yacht Club on Tuesday January 13, 2015.

Additionally, Hogan has appointed Al Redmer Jr. to return as Maryland's Insurance Commissioner and Van Mitchell to the office of Secretary of the Department of Health and Mental Hygiene (DMMH). Redmer Jr., formally held the office of Maryland's Insurance Commissioner from 2003-2005, during Bob Ehrlich's administration. Currently, he serves as the president of Redmer Insurance Group, LLC. Redmer Jr., has also operated as the president of Landmark Insurance & Financial Group and as the CEO of Coventry of Delaware Inc. Van Mitchell, was a former Charles County Delegate from 1995 until 2004. Following this position, he served as the principal deputy secretary to the DMMH until the end of Ehrlich's governorship in January 2007. Mitchell, has been a successful entrepreneur since 1995 and currently works as a lobbyist in Annapolis for Manis Canning & Associates.

With the election of Hogan as the new Maryland State Governor and the appointments of Redmer Jr. and Mitchell, 2015 promises to be very dynamic and exciting year in insurance legislation. I hope that all members and prospective members of MAHU have a very prosperous year! Stay tuned for more legislative updates.

Best Regards,

Sean Ruder

MAHU Legislative Chair

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HUPAC Contributors

Health Underwriters Political Action Committee, *Teresa Conto HUPAC Chair*

Did you know? Last month we were pleased to announce the first of many changes to the HUPAC website.

NAHU members are now able to sign onto the HUPAC website using the same username and password they use for the NAHU website. This new single sign-on feature also allows new contributors to donate via the website without having to print out, fill out and send in a paper contribution form (although that feature is still available for those who prefer to contribute the old-fashioned way).

With your help we can continue our march towards being the #1 healthcare PAC in the country! How can you, as a regular contributor, help keep up the progress that HUPAC has been making? The first thing to do is to keep up your contribution. Every dollar makes a difference. The second thing you can do to help out the PAC is to recruit new PAC donors at every opportunity. Many of our members do not contribute to HUPAC because they do not know what it is or why it is so important. HUPAC combines the resources and efforts of independent health insurance agents and brokers, like you, into one voice. By making contributions through a single source, NAHU is able to raise awareness on our issues, open doors of opportunity and improve our presence in Washington, D.C., with advocates on both side of the aisle.

NEW

Gutierrez, Christina

MDBALTIMORE

Brashears, Shawn
Engelbrecht, Jessica
Jacobson, Ronald
McJimpsey, Christina
Nicholas, William
Reavis, Paul
Rianhard, R Dane
Salamon, Stephen
Tambellini, Daniel
Ulvila, Lawrence

MDEASTERN

Friedman, Marcia
Gordon, Ryan
Johnson, Diana
Matthai, Alexandra
Mengason, Mary
Mills, Sheryl
Seifert, Daneen
Whaley, Cynthia

MDWASHINGTON

Brown, Don
Buyalos, Joseph
Conto, Teresa
Dixon, Rush

Gregorio, Norma
Gsell, Christopher
Lynch, Meagan
Masone, Matthew
O'Hare, Tammy
Pitt, Joel
Poli, Robert
Schulman, Alan
Simons, Neil
Smalley, Sandra
Werber, Scott
Greene, John

**Thank you to our 2014 MAHUPAC
Contributors**

- Andrea Morrison	- Jon Frank	- Patsy Ryan
- Shawn Brashears	- Sally Leimbach	- Stephen Salamon
- Kimberly Conley	- Diane Mahoney	- Alan Schulman
- Teresa Conto	- Chris Morton	- Daniel Single
- ESAHU	- Thomas Ogle	- Chris Wilson

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Long-Term Care Update

An American turns 50 every 7 seconds. That's more

than 12,500 people every day according to the U.S. Census, a majority of whom will need some form of long-term care (LTC) over their lives. Although the silver tsunami is surely coming, people aren't rushing to buy LTC insurance the way Marylanders buy milk and bread before a snowstorm. Those who do recognize the need typically have experienced some form of caregiving or witnessed the consequences of caregiving and resulting asset depletion on family finances. LTC insurance may be the most cost-efficient strategy to address America's extended health care needs. Even so, a few clarifications may be in order to address misimpressions about the industry and assure buyers and sellers of its continuing, essential role.

The LTC industry has appeared unstable as many carriers left the marketplace. As consolidation occurred in the disability insurance market due to limited demand, LTC insurance followed a similar course. Under the circumstances, a carrier doesn't want to write too much business or too little. Higher than expected growth in sales affects the cost of reserves and hurts profitability. Low volume of sales results in insufficient premium to carry operating expenses. Carriers need a balance and an ability to take the long view. Today, more than a dozen carriers remain to address the challenge of writing new business.

Rate increases on older blocks of business also have raised concerns. Current policyholders never imagined rates increasing while the policy clearly stated it was guaranteed renewable. In fact, for many years, the rates remained unchanged. After the financial shocks of 2008, however, the industry entered a different world. LTC carriers started realizing the errors in their pricing based on the three primary assumptions: lapse rates; rate of return on investments; and claims experience that is mortality and morbidity. A 6-7% lapse rate seemed reasonable years ago when no one could have anticipated the current rate of 1% or less. Therefore many more policies remained on the books, resulting in the need to boost reserves. Claim reserves are typically invested in safe money market funds which have performed far below the LTC carriers' most

conservative expectations. In some cases, the inflation riders in the policies are increasing the obligation of the carrier faster than the rates of return of the carrier in their portfolios. Lastly, while improvements in the mortality rate have lowered the cost of life insurance, the number of aged people needing LTC has increased. Accordingly, more LTC policyholders are availing themselves of their benefits, contrary to popular belief that people don't use these policies. The LTCi industry incurred \$7.7 billion in claims in 2012 and has paid nearly \$25 billion since inception, a sure sign of policy value despite the rate increases. Older policies, despite increased premiums, cost far less than what current buyers are being offered today.

While traditional LTC insurance sales have dropped, sales of hybrid life and LTC policies have increased. Baby Boomers still need to plan for their extended health care needs. Although the leverage spread is not as high as a traditional policy, the hybrid product has surged in popularity due to the guarantee of premiums and the possibility of a death benefit being paid if care is never needed, thus recouping the premium outlay. After dinner at a fine restaurant, the waiter shouldn't ask if you want dessert. Rather, a good waiter presents a tray full of dessert choices asking which of them you might prefer. America offers an abundance of choices. Providing clients options on how they want to address their future care needs increases your value to them. Offering alternative LTC funding options helps the client feel empowered as a chooser and therefore more inclined to purchase some form of coverage. Your clients need your gentle nudge to plan for their future. Let them know you can provide education and solutions for extended care needs not covered by health insurance or Medicare.

Thank you,

Jeff Merwin

MAHU LTC Chair

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Upcoming Events

February 4, 2014 - [BAHU Ethics and Agency Course](#)

February 23, 2015 - [NAHU Capitol Conference](#)

We hope to see you there!

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Compliance Corner

By Jennifer Spiegel Berman, Esq.*

What is a “Notice of Employee Eligibility for Premium Assistance” and What Should We Do About It?

What Is This Notice?

Last November, employers around Maryland began receiving new form letters from the Maryland Health Connection, our state-run health insurance exchange. Titled “Notice of Employee Eligibility for Premium Assistance,” these letters inform employers that a particular employee (named in the letter) has qualified for an Advance Payment of the Premium Tax Credit (APTC).

What Does This Mean?

The “Advance Payment of the Premium Tax Credit” is the technical name under the ACA for a federal subsidy toward the cost of coverage purchased through an exchange. To qualify, an individual (1) must meet certain income thresholds; **AND** (2) cannot have been offered affordable, minimum value coverage through an employer.

In notifying an employer that an employee has qualified for a federal subsidy, the Maryland Health Connection is telling the employer that the exchange has determined that the employer failed to offer the employee affordable, minimum value medical coverage.

The problem here is that the Maryland Health Connection does not seek third-party verification when

an individual states that his or her employer failed to offer them medical coverage. As a result, scores of employers are receiving letters stating that the Maryland Health Connection has determined they failed to offer adequate medical coverage to their employees. In many, many of these cases, the employer did offer the coverage.

What Do We Do About It?

Each Notice of Employee Eligibility for Premium Assistance includes instructions to the employer on how to appeal the Maryland Health Connection's "determination" that affordable, minimum value coverage was not offered. This appeal gets filed with the United States Department of Health and Human Services (HHS) – not the Maryland Health Connection.

Small employers not subject to the employer mandate may wish to file such an appeal where affordable, minimum value coverage has been offered. Such an offer disqualifies the employee from eligibility for a federal subsidy (regardless of the employer's size). If an employee receives the advance credit and it is later determined that the employee was not eligible, the employee will owe the money back to the IRS.

For **employers subject to the employer mandate**, the stakes are much higher. In this regard, it is worth noting that the IRS, not HHS, is responsible for enforcing the employer mandate. The IRS will give employers the affirmative chance to report who coverage has been offered to through the upcoming Form 1094-C and Form 1095-C filing requirements. Nevertheless, the cautious employer will also appeal the Maryland Health Connection's determinations when they **HAVE** in fact offered affordable, minimum value coverage.

If an **employer has not offered coverage** (or the coverage offered fails to meet the minimum value or affordability standards) because the employer qualifies for an exception to the employer mandate, it is not necessary to appeal the Maryland Health Connection's determination. Such employers will have the opportunity to claim transition relief as part of the IRS

filing process.

What Should An Appeal Look Like?

There is no standard format for an appeal letter. Here are a few suggestions for things to include in any appeal:

- The date—the appeal must be filed within 90 days of the date of the Notice;
- The name of the employee and application ID;
- A statement that coverage was offered to the employee and evidence supporting that statement (such as a signed waiver);
- A statement that the coverage offered provided minimum value and was affordable and evidence supporting that statement; and
- Contact information for an employer representative who can be contacted with questions.

An Extra Word of Caution

The Notices are going out to the name and address provided to the Maryland Health Connection by the employee. In many cases, this will mean that Notices are delivered to an individual, office, or even operating company that is not responsible for benefits administration or compliance. Don't forget to alert your clients to be on the lookout for these Notices throughout their organizations.

** Jennifer is a member of Holder Law Group LLC, where she focuses her practice on employee benefits law, including ERISA, ACA, IRC and HIPAA compliance. If you have additional questions on this topic or a question you would like addressed in a future compliance corner, please e-mail the author at jennifer.berman@holderlaw.com.*

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Sponsorship Opportunities

Is your company interested in becoming a MAHU sponsor for the 2014 - 2015 MAHU Year? Contact Shawn Brashears, SBrashears@kaig.com to find out more information about our Corporate Sponsorship program.

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