

State Senator
Don White
41st Senatorial District



Senate of Pennsylvania

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- **SENATE BOX 203041**
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(TOLL FREE) 866-357-0151
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724-327-2422
FAX: 724-327-2436

TO: All Senators

FROM: Senator Don White *DW*

DATE: 12/8/11

RE: Co-sponsorship - Risk-Based Capital Trend Test

DEC 08 2011

In the near future, I will introduce legislation to amend the Risk-Based Capital (RBC) statute for health organizations and add a trend test component. This bill will take what exists in SB118 and adds another related NAIC RBC component. This would require health insurers to more quickly formulate corrective action plans to address solvency issues before regulatory action becomes necessary.

Because other types of health insurers (stock or mutual accident and health insurance companies) are already subject to a trend test component in RBC standards, enactment of this initiative would create more consistent capital requirements for all types of insurers in the health insurance marketplace. Thirty-two states (including Pennsylvania) have enacted legislation substantially similar to the NAIC Risk-Based Capital for Health Organizations Model Act (Model Act 315), and the Insurance Department believes these states will also move to enact the NAIC's new trend test component. Therefore, this initiative would not have a detrimental impact on competition among health insurers in Pennsylvania, and would benefit health care consumers by improving upon the financial stability of Pennsylvania's health insurance marketplace.

If you would like to co-sponsor this legislation, please contact Allison Dutrey of my office at adutrey@pasen.gov or 7-8724.

Thank you.