

# Comments of the Independent Regulatory Review Commission



## Insurance Department Regulation #11-256 (IRRC #3189)

### Medicare Supplement Insurance Minimum Standards

March 22, 2018

We submit for your consideration the following comments on the proposed rulemaking published in the January 20, 2018 *Pennsylvania Bulletin*. Our comments are based on criteria in Section 5.2 of the Regulatory Review Act (71 P.S. § 745.5b). Section 5.1(a) of the Regulatory Review Act (71 P.S. § 745.5a(a)) directs the Insurance Department (Department) to respond to all comments received from us or any other source.

- 1. Section 89.777b. Standard Medicare supplement benefit plans for 2010 Standardized Medicare supplement benefit plan policies or certificates issued or delivered on or after June 1, 2010. – Clarity; Implementation procedures.**

Relating to Paragraph (f)(7), Highmark requested a clarification of the Department's intent on the enrollment for a person eligible for Medicare Part B in 2019 and whether that person can enroll in the high deductible Plan G in 2019 or must wait until January 1, 2020. We ask the Department to explain in the final-form submittal the enrollment process envisioned and, to the extent necessary, to clarify the language of the regulation.

- 2. Section 89.781. Filing and approval of policies and certificates and premium rates. – Consistency with statute; Need; Reasonableness.**

The Preamble states, in part:

Proposed § 89.781(g) (relating to filing and approval of policies and certificates and premium rates) prohibits the practice referred to as "ladle rating," when, for each year of age attained by an enrollee, the rate decreases until the insured reaches an age at which rates begin to increase significantly each year as age increases.

The response to Regulatory Analysis Form (RAF) question 15 states the Department is not currently aware of any company that practices "ladle rating."

Subsection (g) does not directly use the term "ladle rating." The language added as Subsection (g) addresses "attained age rating" by not allowing "grouping of attained ages greater than 1 year."

The Insurance Federation of Pennsylvania (IFP) agrees that ladle rating is not currently used. However, the wording of Subsection (g) would prohibit not just ladle rating, but also “attained age rating greater than one year,” which is used. IFP believes the prohibitions imposed by Subsection (g) are not supported by evidence and would affect rate filings. IFP further questions the Department’s citation to its statutory authority to add Subsection (g).

We recommend that the Department meet with affected insurers to discuss whether Subsection (g) is needed and, if so, how to best amend this subsection. In addition, we ask the Department to explain in the final-form regulation submittal its statutory authority to enforce this provision.