

Southeastern Actuaries Conference Medicare Supplement Update – November 19, 2009



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Medicare Supplement Update – November 19, 2009

Medicare Deductibles and Copays

	2007	2008	2009	2010
Part A				
Deductible per Admission	\$992.00	\$1,024.00	\$1,068.00	\$1,100.00
Copay Days 61 to 90	\$248.00	\$256.00	\$267.00	\$275.00
Lifetime Reserve Days	\$496.00	\$512.00	\$534.00	\$550.00
SNF Copay Days 21 to 100	\$124.00	\$128.00	\$133.50	\$137.50
Part B				
Annual Deductible	\$131.00	\$135.00	\$135.00	\$155.00



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Medicare Improvements for Patients and Providers Act of 2008

("MIPPA")

HR 6331

PL 110-275

Title I, Subtitle A, Part I, Section 104

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MIPPA

Key Medicare Supplement Provisions

Companies must stop selling existing Medicare supplement plans effective June 1, 2010

NAIC had to modify Model # 651 by October 31, 2008

States generally had one year to adopt the revised NAIC Model # 651

Effective June 1, 2010 companies must offer Plan C or Plan F

Effective June 1, 2010 Plans E, H, I and J are not available

Effective June 1, 2010 Plan M and Plan N may be offered

Hospice care inpatient coinsurance benefit in all MIPPA Medicare supplement plans

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Benefit Chart of Medicare Supplement Plans Sold for Effective Dates on or After June 1, 2010

A	B	C	D	F	F*	G	K	L	M	N
Basic, including 100% Part B coinsurance	Basic, including 100% Part B coinsurance	Basic, including 100% Part B coinsurance	Basic, including 100% Part B coinsurance	Basic, including 100% Part B coinsurance*	Basic, including 100% Part B coinsurance	Basic, including 100% Part B coinsurance	Hospitalization and preventive care paid at 100%; other basic benefits paid at 50%	Hospitalization and preventive care paid at 100%; other basic benefits paid at 75%	Basic, including 100% Part B coinsurance	Basic, including 100% Part B coinsurance, except up to \$20 copayment for office visit, and up to \$50 copayment for EIL
		Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	50% Skilled Nursing Facility Coinsurance	75% Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance
	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	50% Part A Deductible	75% Part A Deductible	50% Part A Deductible	Part A Deductible
		Part B Deductible		Part B Deductible						
				Part B Excess (100%)	Part B Excess (100%)					
		Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency				Foreign Travel Emergency	Foreign Travel Emergency
							Out-of-pocket limit \$440; paid at 100% after limit reached	Out-of-pocket limit \$220; paid at 100% after limit reached		

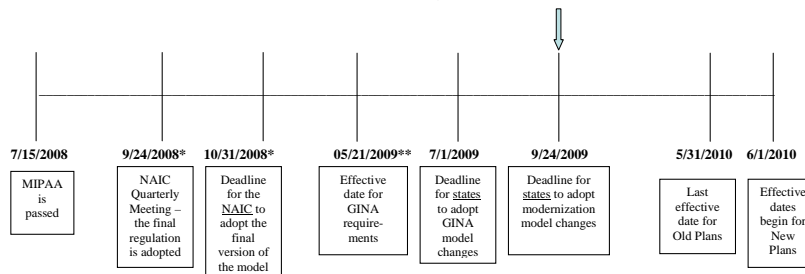
* Plan F also has an option called a high deductible plan F. This high deductible plan pays the same benefits as Plan F after one has paid a calendar year \$1900 deductible. Benefits from high deductible plan F will not begin until out-of-pocket expenses exceed \$1900. Out-of-pocket expenses for this deductible are expenses that would ordinarily be paid by the policy. These expenses include the Medicare deductibles for Part A and Part B, but do not include the plan's separate foreign travel emergency deductible.

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NAIC Model Regulation Timeline



*States may begin to adopt the model regulation as soon it is adopted by the NAIC. The Medigap filing process can begin in a state as soon as the state adopts the model regulation.

**States that do not enact GINA changes by this date will not be considered out of compliance until July 1, 2009.

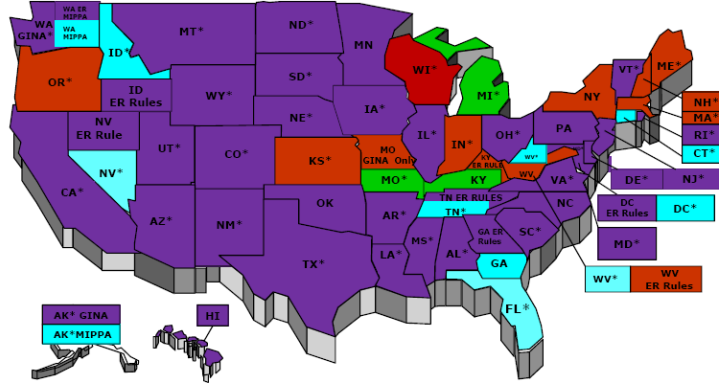
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State Adoption of the 2008 Revised NAIC Medicare Supplement Insurance Model Regulation



■ Proposal Under Review
■ Proposed NAIC Model
■ Proposed NAIC Model with Deviations
■ Adopted NAIC Model
■ Adopted NAIC Model with Deviations
 * [Link to All Comment Letters](#)

For more details on individual state proposals, click [here](#).



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Changes to Medicare Outpatient Psychiatric Coinsurance

	Percent of Standard	Standard Coinsurance	Outpatient Psychiatric Coinsurance
2009	62.50%	80.0%	50.0%
2010	68.75%	80.0%	55.0%
2011	68.75%	80.0%	55.0%
2012	75.00%	80.0%	60.0%
2013	81.25%	80.0%	65.0%
2014	100.00%	80.0%	80.0%



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Pricing and Regulations

Pricing is subject to each state's laws and regulations

Pricing differences between the current policy rates and MIPPA policy rates should have an explanation

This appears to have created a classic old pool - new pool situation in most states

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Health Care Reform

The Potential Changes to Medicare Supplement

Some standard plans could change or new variations could be allowed/required

The six month exclusion for preexisting conditions could be eliminated

Health underwriting could be restricted or eliminated

Gender rating could be eliminated

A maximum ratio for highest age rate to lowest age rate could be established

Preferred, Standard and Sub-standard rating could be restricted or eliminated

Discount schemes could be restricted or eliminated

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Individual Medicare Supplement Policies

NAIC 2008 Published Loss Ratios

Companies with 20,000 or More Members

Loss Ratio Range	Blue Cross Plans		Other Companies		All Companies	
	Number	Percent	Number	Percent	Number	Percent
65% to 69.9%	2	6.5%	8	18.6%	10	13.5%
70% to 74.9%	6	19.4%	17	39.5%	23	31.1%
75% to 79.9%	7	22.6%	9	20.9%	16	21.6%
80% to 84.9%	6	19.4%	6	14.0%	12	16.2%
85% to 89.9%	3	9.7%	2	4.7%	5	6.8%
90% to 94.5%	1	3.2%	1	2.3%	2	2.7%
95% to 99.9%	1	3.2%	0	0.0%	1	1.4%
100% and Over	5	16.1%	0	0.0%	5	6.8%
Total	31	100.0%	43	100.0%	74	100.0%

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NAIC Refund Calculation Issues

- Revise Benchmark Formula
- Create a Separate Issue Age Benchmark
 - Active Life Reserves
 - Change Year 3 Test to Year 7 Test
- Combine Experience of Multiple Plans
 - 1990 Plans with 2010 Plans (MIPPA)
- Combine Experience for Multiple States

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