



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

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In The Matter of :
UNITEDHEALTHCARE : **Docket No. LH 19-70**
INSURANCE COMPANY :
Medicare Supplement Insurance :
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ORDER

I, Andrew N Mais, Commissioner of the State of Connecticut, having read the record, do hereby adopt the findings and recommendations of Danny K. Albert, Hearing Officer in the above matter and issue the following order, to wit:

UnitedHealthcare Insurance Company's 2020 calendar year rate filing for its group Standardized Medicare supplement insurance plans (Pre-MIPPA Plans sold prior to June 1, 2010 and MIPPA Plans sold on or after June 1, 2010) was reviewed. The following rate increases are approved.

Group Standardized Medicare Supplement Insurance Plans

<u>PLANS</u>	<u>Rate Increase</u>
A	6.8%
B	14.9%
C	5.5%
D	4.9%
E	4.9%
F	4.9%
G*	-13.3%/-7.0%
H (w/drugs)	4.9%
H (w/o drugs)	4.9%
I (w/ drugs)	4.9%
I (w/o drugs)	4.9%

J (w/ drugs)	4.9%
J (w/o drugs)	4.9%

* The 2020 rate(s) for the Pre-MIPPA and MIPPA Plan G, respectively.

The company's request to maintain its current rate on Plan N, with no change is approved as requested.

The company's request for a 5% rate increase on Plans K and L is disapproved. While the experience on Plan K has been volatile recently, the plan's inception-to-date loss ratio is running at only 70.3%, well below the minimum statutory loss ratio requirement of 75%. The loss ratios experienced on Plan L during the last three years have not exceeded the minimum statutory loss ratio requirement of 75% and the plan's inception-to-date loss ratio is only 71.9%. The rates on these two plans are to be maintained at their current rate levels, with no changes.

The rate action approved herein for UnitedHealthcare Insurance Company's group Standardized Pre-MIPPA & MIPPA (Medicare Improvements for Patients and Providers Act of 2008) Medicare supplement insurance plans is reasonable in relation to the benefits, estimated claim costs and anticipated loss ratios the company can reasonably expect to realize on its Medicare supplement business.

Dated at Hartford, Connecticut, this 9th day of September, 2019.



Andrew N Mais
Commissioner



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

In The Matter of
UNITEDHEALTHCARE
INSURANCE COMPANY
Medicare Supplement Insurance
Docket No. LH 19-70

PROPOSED FINAL DECISION

I. INTRODUCTION

The Insurance Commissioner of the State of Connecticut is empowered to review rates charged for individual and group Medicare supplement policies sold to any resident of this State who is eligible for Medicare.

After due notice, a hearing was held at the Insurance Department in Hartford on Thursday, August 29, 2019 to consider whether or not the rate increase requested by UnitedHealthcare Insurance Company on its group Standardized Medicare supplement business should be approved.

No individuals from the general public or public officials attended the hearing.

The Director of Actuarial Services for UnitedHealthcare participated in the hearing via speaker phone.

The hearing was conducted in accordance with the requirements of Section 38a-474, Connecticut General Statutes, the Uniform Administrative Procedures Act, Chapter 54 of Section 38a-8-1 et seq. of the Regulations of Connecticut State Agencies.

A Medicare supplement policy is a private health insurance policy sold on an individual or group basis, which provides benefits that are additional to the benefits provided by Medicare.

Effective December 1, 2005, Connecticut amended its program of standardized Medicare supplement policies in accordance with Section 38a-495a of the Connecticut General Statutes, and Sections 38a-495a-1 through 38a-495a-21 of the Regulations of Connecticut Agencies.

Effective January 1, 2006, in accordance with Section 38a-495c of the Connecticut General Statutes (as amended by Public Act 05-20) premiums for all Medicare supplement policies in the state must use community rating.

The statute provides that coverage under Plans A through N may not be denied on the basis of age, gender, previous claims history or the medical condition of any covered person. Insurers may exclude benefits for losses incurred within six months from the effective date of coverage based on a pre-existing condition.

Effective October 1, 1998, carriers that offer Plan B or Plan C must make these plans as well as Plan A, available to all persons eligible for Medicare by reason of disability.

Insurers must also make the necessary arrangements to receive notice of all claims paid by Medicare for their insureds so that supplement benefits can be computed and paid without requiring insureds to file claim forms for such benefits. This process of direct notice and automatic claims payment is commonly referred to as “piggybacking” or “crossover”.

Sections 38a-495 and 38a-522 of the Connecticut General Statutes, and Section 38a-495a-10 of the Regulations of Connecticut Agencies, state that individual and group Medicare supplement policies must have anticipated loss ratios of 65% and 75%, respectively. Under Sections 38a-495-7 and 38a-495a-10 of the Regulations of Connecticut Agencies, filings for rate increases must demonstrate that actual and expected losses in relation to premiums meet these standards, and anticipated loss ratios for the entire future period for which the requested premiums are calculated to provide coverage must be expected to equal or exceed the appropriate loss ratio standard.

Section 38a-473 of the Connecticut General Statutes provides that no insurer may incorporate in its rates for Medicare supplement policies factors for expenses that exceed 150% of the average expense ratio for that insurer’s entire written premium for all lines of health insurance for the previous calendar year.

II. FINDING OF FACT

After reviewing the exhibits entered into the record of this proceeding, the testimony of the witnesses, and utilizing the experience, technical competence and specialized knowledge of the Insurance Department, the undersigned makes the following findings of fact:

General

UnitedHealthcare was granted rate increases on its Connecticut Medicare Supplement AARP Standardized block of business for 2019. The current filing for 2020 rates request the following rate changes:

<u>Plan</u>	<u>Current 2019 Monthly Rates</u>	<u>Proposed 2020 Monthly Rates</u>	<u>Diff. (%)</u>
A	\$157.50	\$168.25	6.8%
B	\$254.75	\$292.75	14.9%
C	\$344.75	\$363.75	5.5%
D	\$230.00	\$241.25	4.9%
E	\$230.75	\$242.00	4.9%
F	\$248.75	\$261.00	4.9%
G*	\$231.00/\$215.25	\$200.25	-13.3%/-7.0%
H (with Rx)	\$326.00	\$342.00	4.9%
H (without Rx)	\$225.50	\$236.50	4.9%
I (with Rx)	\$329.75	\$346.00	4.9%
I (without Rx)	\$228.50	\$239.75	4.9%
J (with Rx)	\$396.00	\$415.50	4.9%
J (without Rx)	\$250.00	\$262.25	4.9%

K	\$65.50	\$68.75	5.0%
L	\$125.50	\$131.75	5.0%
N	\$162.75	\$162.75	0.0%

*The 2019 rate varies for the 1990 Plans versus the 2010 Plans

UnitedHealthcare calculated the Medicare Part A trend as follows:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Medicare Part A Deductible	\$1,316	\$1,340	\$1,364	\$1,400
% Change in Part A Deductible	2.2%	1.8%	1.8%	2.6%
<u>Utilization Trend</u>	<u>-0.1%</u>	<u>0.0%</u>	<u>1.0%</u>	<u>0.6%</u>
Composite Trend	2.1%	1.8%	2.8%	3.2%

UnitedHealthcare's standardized plans prior to June 1, 2010 cover approximately 27,283, with an additional 62,149 covered under the new MIPPA plan. The standardized MIPPA plans are available on a group basis under a group policy issued to the American Association of Retired Persons (AARP).

UnitedHealthcare certified that the expense factors, within the proposed rates, are in compliance with section 38a-473, C.G.S.

The Connecticut loss ratios for the standardized block of business are as follows:

<u>Plan</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Inception</u>
A	75.0%	75.3%	86.4%	81.3%
B	91.6%	97.6%	99.8%	85.4%
C	78.9%	82.6%	83.5%	89.3%
D	80.2%	88.6%	86.3%	85.4%
E	79.8%	87.2%	89.8%	82.0%
F	77.5%	77.1%	79.9%	79.9%
G	81.5%	78.4%	86.4%	85.4%
H	84.1%	76.9%	80.1%	89.5%
I	83.2%	83.2%	85.5%	81.8%
J	75.7%	78.0%	81.5%	81.2%
K	88.7%	70.0%	85.6%	70.3%
L	72.7%	74.5%	74.7%	71.9%
N	70.6%	72.3%	77.5%	73.9%
Total	76.8%	77.6%	80.8%	82.0%

Compliance with Reg. 38a-474 (submission and review of rates for Medicare supplement)

UnitedHealthcare's 2018 Medicare supplement rate filing proposals are in compliance with the requirements of regulation 38a-474 as it applies to the contents of the rate submission as well as the actuarial memorandums.

It has been confirmed that UnitedHealthcare currently makes standardized Plans A, B and C available to persons eligible for Medicare by reason of a disability only if they are members of AARP. Starting in 2020, Plan C will only be available for those eligible for Medicare prior to 1/1/2020. UnitedHealthcare will make standardized Plans A and B available to persons newly eligible after 1/1/2020 for Medicare by reason of a disability only if they are members of AARP.

UnitedHealthcare is in compliance with the automatic claim processing system (i.e., piggybacking).

III. RECOMMENDATION

Standardized Plans Sold Prior to June 1, 2010 and MIPPA Plans Sold after June 1, 2010

The undersigned recommends approval of the following rate changes, as submitted:

<u>Plan</u>	<u>Rate Change</u>
A	6.8%
B	14.9%
C	5.5%
D	4.9%
E	4.9%
F	4.9%
G*	-13.3%/-7.0%
H (with Rx)	4.9%
H (without Rx)	4.9%
I (w/ and w/o Rx)	4.9%
J (w/ and w/o Rx)	4.9%
N	0.0%

*The 2020 rate will be the same for 1990 and 2010 Plans going forward, resulting in a different change from 2019 to 2020.

The rate change requests are reasonable in relationship to the benefits, estimated claim costs and the anticipated loss ratios the company expects to realize on this business.

The undersigned recommends that the request for a 5% rate increase for Plans K and L be disapproved as submitted. Plan L has not exceeded the minimum loss ratio of 75% for the most recent three calendar years and the historical loss ratio since inception is 71.9%. Plan K has seen volatile loss ratio experience over the last three years (both significantly under and over the minimum loss ratio), but the historical loss ratio since inception is 70.3%, still significantly below the minimum of 75%.

Dated at Hartford, Connecticut, this 9th day of September, 2019.


Danny K. Albert
Hearing Officer