

STATE OF CONNECTICUT
INSURANCE DEPARTMENT

In The Matter Of
New York Life Insurance Company
Medicare Supplement Insurance
Docket No. LH 19-97

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:

New York Life Insurance Company's rate increase request for its individual Standardized Medicare supplement insurance policy form NYM86 (Plan F) is approved as submitted.

The company's request to maintain its current rate, with no change on its individual Standardized Medicare supplement insurance policy form NYM87 (Plan I) is approved as submitted.

The rate increase approved herein is reasonable in relationship to the benefits and estimated claim costs the company can reasonably expect to realize under its policy form.

Dated at Hartford, Connecticut, this 25th day of November, 2019.

Handwritten signature of Andrew N Mais
Andrew N Mais
Commissioner



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

In The Matter Of :
New York Life Insurance Company : Docket No. LH 19-97
Medicare Supplement Insurance :
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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, CT on Thursday, November 14, 2019, to consider whether or not the rate increase requested by New York Life Insurance Company on its individual Standardized Medicare supplement insurance business should be approved.

No members from the general public attended the hearing.

No company representatives from New York Life Insurance Company attended the hearing.

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. For many years Medicare supplement policies have been highly regulated under both state and federal law to protect the interests of persons eligible for Medicare who depend on these policies to provide additional coverage for the costs of health care.

Effective December 1, 2005, Connecticut amended its program of standardized Medicare supplement policies in accordance with Section 38a-496a of the Connecticut General Statutes, and Sections 38a-495a-1 through 38a-495a-21 of the Regulations of Connecticut Agencies. This program, which conforms to federal requirements, provides a "core" package of benefits known as Plan A. Insurers may also offer any one or more of eleven other plans (Plans B through N).

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. Rates for Plans A through N must be computed without regard to age, gender, previous claims history or the medical condition of any person covered by a Medicare supplement policy or certificate.

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, and utilizing the experience, technical competence and specialized knowledge of the Insurance Department, the undersigned makes the following findings of fact:

1. New York Life Insurance Company has requested a 7% rate increase on its individual standardized Medicare supplement policy form NYM86 (Plan F), the only plan with remaining inforce policies in Connecticut. The company requesting no rate change for Plan I.
2. As of 6/30/19, there were 270 policies in force nationwide and 5 in Connecticut.
3. The most recent rate increase approved was 5.0% effective 04/1/2019.
4. These policy forms were agent solicited.
5. The proposed rates are expected to satisfy the Connecticut statutory loss ratio of 65% required of individual Medicare supplement forms.
6. New York Life Insurance Company demonstrated that their expense factors are in compliance with section 38a-473, C.G.S.
7. New York Life Insurance Company has conformed to subsection (e) of section 38a-495c, C.G.S. regarding the automatic claims processing requirement.

8. The 2018 and 2019 (thru June 30, 2019) loss ratios, as well as inception-to-date loss ratios, on a Connecticut specific basis, for each Plan is as follows:

<u>Plan</u>	<u>2018</u>	<u>2019</u>	<u>Inception</u>
F	127.76%	150.81%	103.37%
I	46.69%	10.27%	71.50%
Total	109.36%	142.74%	93.16%

9. The 2018 and 2019 (thru June 30, 2019) loss ratios, as well as inception-to-date loss ratios, on a nationwide basis, for each Plan is as follows:

<u>Plan</u>	<u>2018</u>	<u>2019</u>	<u>Inception</u>
F	76.31%	75.96%	66.57%
I	61.11%	43.96%	58.32%
Total	74.13%	75.00%	63.71%

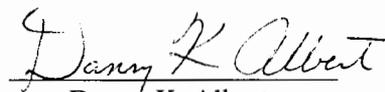
10. New York Life Insurance Company's 2019 Medicare supplement rate filing proposal is in compliance with the requirements of regulation 38a-474 as it applies to the contents of the rate submission as well as the actuarial memorandum.

### **III. RECOMMENDATION**

The undersigned recommends that the 7.0% rate increase request be approved as submitted for Plan F. These rate changes are reasonable in relationship to the benefits, estimated claim costs and the anticipated loss ratios the company expects to realize on these policies in the future.

In addition, recommend that Plan I rates remain unchanged as requested.

Dated at Hartford, Connecticut, this 25<sup>th</sup> day of November, 2019.

  
 Danny K. Albert  
 Hearing Officer