



**STATE OF CONNECTICUT**  
*INSURANCE DEPARTMENT*

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**In The Matter Of** :  
**United Healthcare Insurance Company** : **Docket No. LH 20-85**  
**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 Eric C. Vieweg, Hearing Officer in the above matter and issue the following order, to wit:

The undersigned recommends disapproval of the proposed rate changes, as submitted, and limited to

<u>Plan</u>	<u>Proposed Increase</u>	<u>Approved Increase</u>
A	12.5%	9.50%
B	11.2%	6.5%
C	5.9%	3.9%
D	5.9%	3.9%
E	5.9%	3.9%
F	5.8%	3.8%
G	5.9%	3.9%
H with Rx	5.8%	3.8%
H w/o Rx	5.9%	3.9%
I with Rx	5.9%	3.9%
I w/o Rx	5.9%	3.9%
J with Rx	5.9%	3.9%
J w/o Rx	5.8%	3.8%
K	5.7%	3.7%
N	5.8%	3.8%

The request for a 6% rate increase for Plan L is disapproved as submitted. The company is hereby directed to submit a revised rate schedule containing the approved rates on or before Friday September 18, 2020.

The rate action approved herein is reasonable in relationship to the benefits and estimated claim costs the company can reasonably expect to realize under these policy forms.

Dated at Hartford, Connecticut, this 10<sup>th</sup> day of September, 2020.

A handwritten signature in blue ink, appearing to read 'A. Mais', is positioned above a horizontal line.

Andrew N. Mais  
Insurance Commissioner



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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. The source for this regulatory authority is contained in Chapter 700c and Section 38a-495a of the Connecticut General Statutes.

After due notice, a hearing was held at the Insurance Department in Hartford, CT on Thursday, Tuesday September 2, 2020, to consider whether or not the rate increase requested by United Healthcare Insurance Company on its Medicare supplement insurance business should be approved.

No members from the general public attended the hearing.

Two company representatives from United Healthcare 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, 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**

United Healthcare was granted rate increases on its Connecticut Medicare Supplement AARP Standardized block of business for 2020. The current filing for 2021 rates request the following rate changes:

	Current 2020	Proposed 2021	Difference
<u>Plan</u>	<u>Monthly Rates</u>	<u>Monthly Rates</u>	<u>(%)</u>
A	\$168.25	\$189.25	12.5%
B	\$292.75	\$325.50	11.2%
C	\$363.75	\$385.25	5.9%
D	\$241.25	\$255.50	5.9%
E	\$242.00	\$256.25	5.9%
F	\$261.00	\$276.25	5.8%
G	\$200.25	\$212.00	5.9%
H with Rx	\$342.00	\$362.00	5.8%
H w/o Rx	\$236.50	\$250.50	5.9%
I with Rx	\$346.00	\$366.25	5.9%
I w/o Rx	\$239.75	\$254.00	5.9%
J with Rx	\$415.50	\$440.00	5.9%
J w/o Rx	\$262.25	\$277.50	5.8%
K	\$65.50	\$69.25	5.7%
L	\$125.50	\$133.00	6.0%
N	\$162.75	\$172.25	5.8%

United Healthcare also proposed to increase the multi-insured discount from 5% to 7% for the 2010 Plans.

United Healthcare calculated the Medicare Part A trend as follows:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Medicare Part A Deductible	\$1,340	\$1,364	\$1,408	\$1,456
% Change in Part A Deductible	1.8%	1.8%	3.2%	3.4%
Utilization Trend	<u>0.1%</u>	<u>1.6%</u>	<u>-7.3%</u>	<u>8.3%</u>
Composite Trend	1.9%	3.4%	-4.4%	11.9%

United Healthcare's standardized plans prior to June 1, 2010 cover approximately 26,684, with an additional 62,916 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).

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

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

<u>Plan</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>YTD May 2020</u>	<u>Inception</u>	<u>Average Lives</u>
A	75.3%	85.8%	96.7%	80.1%	81.0%	1,352
B	97.5%	99.5%	90.0%	71.9%	86.1%	1,204
C	82.5%	83.6%	81.6%	79.9%	88.8%	3,308
D	88.5%	85.0%	91.1%	64.8%	85.2%	468
E	87.1%	88.1%	93.9%	69.4%	82.6%	372
F	77.0%	79.5%	80.6%	76.2%	79.4%	40,993
G	78.4%	86.0%	86.9%	84.4%	85.9%	8,023
H	76.8%	78.8%	79.7%	65.7%	89.3%	124
I	83.2%	84.3%	86.7%	73.5%	82.5%	730
J	77.9%	80.7%	83.4%	80.6%	80.6%	11,786
K	70.0%	83.2%	87.3%	80.3%	72.7%	1,262
L	74.4%	74.2%	70.0%	66.0%	71.2%	752
<u>N</u>	<u>72.3%</u>	<u>77.6%</u>	<u>80.8%</u>	<u>73.9%</u>	<u>75.1%</u>	<u>19,226</u>
Total	77.5%	80.4%	81.9%	77.1%	81.4%	89,600

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

United Healthcare's 2020 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 United Healthcare 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. United Healthcare 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.

United Healthcare 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 disapproval of the proposed rate changes, as submitted, and limited to

	Proposed	Approved
<u>Plan</u>	<u>Increase</u>	<u>Increase</u>
A	12.5%	9.50%
B	11.2%	6.5%
C	5.9%	3.9%
D	5.9%	3.9%
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Although United Healthcare did reflect favorable claims trend in 2020 in their 2021 pricing, the Department believes projected 2020 and 2021 claim levels were overstated.

The undersigned recommends that the request for a 6% rate increase for Plan L be disapproved as submitted. Plan L has not exceeded the minimum loss ratio of 75% for the most recent three full calendar years and the historical loss ratio since inception is 71.2%. In addition, experience thru May 2020 saw a decrease in claims, most likely due to COVID-19.

In addition, the Department approves the increase in multi-insured discount for 2010 Plans from 5% to 7% but requires the same change for 1990 Plans.

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.

Dated at Hartford, Connecticut, this 10<sup>th</sup> day of September, 2020.



Eric C. Vieweg  
Hearing Officer