

**STATE OF CONNECTICUT  
INSURANCE DEPARTMENT**

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**In The Matter Of** :  
**Unified Life Insurance Company** : **Docket No. LH 18-51**  
**Medicare Supplement Insurance** :  
-----X

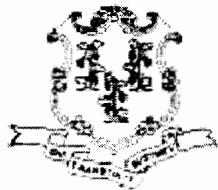
**ORDER**

I, Katharine L. Wade, 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:

Unified Life Insurance Company's rate increase request for its individual Standardized Medicare supplement insurance policy forms: MS-92F (CT) (Plan F) and MS-92G (CT) (Plan G) is approved as submitted. The rate increase is reasonable in relationship to the benefits, estimated claim costs and anticipated loss ratios the company expects to realize on these policy forms.

Dated at Hartford, Connecticut, this 28th day of August, 2018.

A handwritten signature in black ink that reads "Katharine L. Wade".  
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Katharine L. Wade  
Commissioner



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

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**Docket No. LH 18-51**

### **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 on Tuesday, August 14, 2018, to consider whether or not the rate increase requested by Unified Life Insurance Company on its individual Standardized Medicare supplement business should be approved.

No members from the general public attended the hearing.

No Company representatives from Unified 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-495a 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:

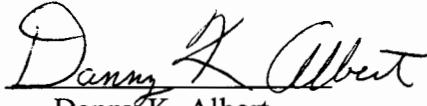
1. Unified Life Insurance Company is requesting a rate increase of 10.0% on its individual standardized plans F and G.
2. There are 12 policies in-force in Connecticut, 897 nationwide policies as of 12/31/2017.
3. These CT policies were originally written by Gerber Life Insurance Company.

4. The company anticipates no new issues under these forms. This filing concerns only inforce business.
5. These policies were sold by brokers and agents in the Medicare Supplement market. Policies were issued to persons age 65 and over.
6. These policy forms provide for the payment of actual medical expense benefits that are supplemented with Medicare coverage. The medical inflation trend is assumed to be 2.5% in 2016 due to utilization changes, new medical procedures, technology and provider price increases, and any changes in Medicare coverage. Expected increases in claims due to inflation beyond 2016 are assumed equal to the medical inflation trend.
7. The minimum required loss ratio for Standard Medicare Supplement policies is 65%. As submitted, the requested rates conform to the minimum required loss ratio.
8. Nationwide incurred loss ratios are 87.4% for 2016, 91.7% for 2017 and 74.0% from inception-to-date.
9. Unified's 2018 Medicare supplement rate filing proposal is **NOT** 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. It is missing a demonstration of compliance with the expense load restriction requirement and the rate history for the subject policy forms.

### **III. RECOMMENDATION**

The undersigned recommends that the 10.0% rate increase be approved as submitted. These rate changes 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 28<sup>th</sup> day of August, 2018.



Danny K. Albert  
Hearing Officer