



OKLAHOMA INSURANCE DEPARTMENT
STATE OF OKLAHOMA

BULLETIN NO. LH 2009-03

**TO: ALL LIFE AND HEALTH INSURERS
ALL LIFE AND HEALTH PRODUCERS
Attention: State Filing Division**

**RE: NAIC MEDICARE SUPPLEMENT MODEL REGULATION
IMPLEMENTATION**

FROM: OKLAHOMA INSURANCE DEPARTMENT

DATE: DECEMBER 03, 2009 (REVISED 05/27/10)

In 2008, the NAIC adopted amendments to its Medicare Supplement Model Regulation. These amendments were made to comply with federal law. The Medicare Improvements for Patients and Providers Act of 2008, (MIPPA of 2008), Public Law 110-275, enacted July 15, 2008, required each state to adopt the revised NAIC model regulation. Oklahoma adopted the revised version of the NAIC Model Regulation effective July 1, 2009. The changes made to the Model do not affect Medicare supplement business that is currently in-force, except to the extent that a carrier may offer an exchange. Exchanges will be discussed more fully later in this bulletin.

Genetic Nondiscrimination

OAC 365:10-5-143 adopts requirements mandated by the Genetic Information Nondiscrimination Act of 2008, which limits the information that a company may ask a prospective policyholder about the insured or the insured's family members. These limitations apply to both new policies and any request for replacement of a policy after July 1, 2009. The limitations apply to issuing the policy, the effectiveness of the policy, the application of pre-existing conditions and the pricing of coverage. <http://www.ok.gov/oid/documents/PART%2013.%20%20MEDICARE%20SUPPLEMENT%20INSURANCE%20MINIMUM%20STANDARDS.pdf>

Make up of Standardized Benefit Plans

The current standardized Medicare supplement benefit plans are being replaced with new plan designs. The current plans, A – L, may be sold until June, 2010 as long as the effective date of the policy is prior to June 1, 2010. Medicare supplement policies issued with an effective date of June 1, 2010 or later must be written on one of the new standardized Medicare supplement plans. To differentiate the various generations of plans, the rule now recognizes three classes of plans: those issued before standardization, i.e. "Pre-standardized plans;" the current generation of plans A – L, i.e. "1990 Standardized Plans;" and the next generation of plans, i.e. "2010 Standardized Plans."

For a short period of time, sales of 1990 Standardized Plans and 2010 Standardized Plans may overlap. What is important is the effective date of the coverage. A 1990 Standardized Plan may be sold through May 31, 2009 as long as the effective date of coverage is before June 1, 2010. A 2010 Standardized Plan may be sold before June 1, 2010 as long as the effective date of the coverage is June 1, 2010 or later.

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The make up of the 2010 Standardized Plans are different from those offered previously. Standardized Plans E, H, I and J (including High-deductible J) will not be available after June 1, 2010. The "At-Home Recovery" benefit previously found in Plans D and G is removed from those plans. The Part B "Excess Charge" (charges in excess of approved amounts) of Plan G will be provided at 100% rather than 80%.

The benefit structure of standardized Plans K and L is unchanged.

Two new plans, M and N, are added. Plan M includes basic benefits plus 50% of the Medicare Part A deductible, skilled nursing facility care and medically necessary emergency care in a foreign country. Plan N includes basic benefits, the Part A deductible, skilled nursing facility care and medically necessary emergency care in a foreign country; its coverage is subject to copayments for office and emergency room visits.

Mandatory offering of Plan C or Plan F

All carriers offering Medicare supplement must offer Plan A. Any carrier that chooses to offer a Medicare supplement policy in addition to Plan A must also offer either Plan C or Plan F.

Effect of New Plans on Consumers Already Enrolled in a Medicare Supplement Plan

The Rule changes do not require individuals who are already enrolled in a Medicare supplement plan to make any change. Medicare supplement policies are guaranteed renewable and may be continued in force even after the new benefit plans become effective.

Carriers may offer their insureds an opportunity to exchange a 1990 Standardized Plan for a 2010 Standardized Plan. Carriers are not required to offer an exchange, but if the carrier chooses to do so, it must comply with OAC 365:10-5-127(b)(8).

<http://www.ok.gov/oid/documents/PART%202013.%20%20MEDICARE%20SUPPLEMENT%20INSURANCE%20MINIMUM%20STANDARDS.pdf>

2010 Medigap Plans and the Five Year Prohibition After Discontinuance

Oklahoma will allow a one-year grace period before the five-year prohibition will become effective. Therefore, companies who offered one of the affected Medicare supplement plans (A, B, C, D, F, High Deductible F, and G) before June 1, 2010 could cease to offer the same letter plan for up to one year (June 1, 2011) before being subjected to the five-year prohibition. Companies who chose to file within the one-year grace period could avoid the five-year prohibition.

Filing Requirements

Pursuant to 365:1-13-1 filings are required to be submitted through the System for Electronic Rate and Form Filings (SERFF). The filing fees must be submitted by EFT through the SERFF system as well. Pursuant to 36 O.S. 321 A.4, the applicable fee is \$50.00 per contract, \$25.00 **per** form and if applicable a \$25.00 for a separately submitted rate filing.

Questions regarding this bulletin should be directed to kathie.stepp@oid.ok.gov of the Rate and Form Compliance Division, or susan.dobbins@oid.ok.gov of the Legal Division of the Oklahoma Insurance Department, Five Corporate Plaza, 3625 NW 56th, Suite 100, Oklahoma City, OK 73112.

The Oklahoma Insurance Department encourages readers of this notice to periodically check the Department's web site <http://www.ok.gov/oid/> for news and updates to Bulletins and other relevant material.