

RULE IMPACT STATEMENT

1. Rules

Proposed PERMANENT rules:

- Subchapter 5. Minimum Standards; Contract Guidelines
- Part 9. Universal Life Rule
- 365:10-5-81. Valuation [AMENDED]
- 365:10-5-82. Nonforfeiture [AMENDED]
- Part 13. Medicare Supplement Insurance Minimum Standards
- 365:10-5-129. Open enrollment [AMENDED]

2. PURPOSE

- 365:10-5-81. Updates citations referenced in the rule.
- 365:10-5-82. Updates citations referenced in the rule.
- 365:10-5-129. Updates language to allow consumers with supplemental plans to move from one plan to another. It also provides notice to consumers with disabilities who will be moving to Medicare.

3. CLASSES AFFECTED:

- a. Consumers
- b. Insurance Companies
- c. Oklahoma Insurance Department

4. COST IMPACTS ON PRIVATE OR PUBLIC ENTITIES:

Little to none.

5. CLASSES BENEFITTED:

- a. Consumers
- b. Insurance companies
- c. Oklahoma Insurance Department

6. ECONOMIC IMPACT:

There is a long-term cost saving for beneficiaries, especially those on fixed incomes and wishing to stay on a Medicare Supplement plan as opposed to moving to a Medicare Advantage plan. There are 200,000 Oklahomans enrolled in Medicare Supplement plans. An example of this issue is that 63% or 125,000 are enrolled in Plan F, which is no longer permitted to enroll new members because of federal MACRA rules. The Plan F risk pool will continue to deteriorate financially and raise premiums to cover benefit costs. Consumers in situations like Plan F who elect to make a change will benefit from premium savings. There are more than 100 licensed Medicare Supplement companies selling plans in Oklahoma. These companies will need to make changes to comply with the rule change. Compliance oversight will require notices to issuers, Consumer Assistance response to complaints, and possible data call by Market Regulation to ensure compliance. Medicare Supplement carriers have the opportunity to retain members under the rule change.

7. PROBABLE COST TO AGENCY AND EFFECT ON STATE REVENUES:

Little to none.

8. SOURCE OF REVENUE:

No change.

9. MEASURES TAKEN TO MINIMIZE COMPLIANCE COSTS:

Rules contain no additional fees or express costs. Rules are designed to protect Oklahomans and minimize any potential increased compliance costs to insurers.

10. EFFECT ON THE PUBLIC HEALTH, SAFETY, AND ENVIRONMENT:

Rule changes will have positive impact on public health by providing avenue for continuity of affordable health insurance coverage for Oklahomans under a Medicare supplement policy.

11. LESS COSTLY/LESS INTRUSIVE METHODS:

Anticipated cost impact is minimal to none. No other less costly or less intrusive methods to achieve the purpose of the rule changes have been identified.

12. EFFECT ON PUBLIC HEALTH, SAFETY, AND ENVIRONMENT IF RULE NOT IMPLEMENTED:

Consumers will not be allowed to enroll in a new Medicare supplement plan when their current plan closes and rates increase.

13. EFFECT ON SMALL BUSINESS:

None.

14. DATE PREPARED:

December 8, 2022