

Rule Summary and Fiscal Analysis

Part A - General Questions

Rule Number: 3901-8-08

Rule Type: Amendment

Rule Title/Tagline: Medicare supplement.

Agency Name: Department of Insurance

Division:

Address: 50 W Town Street Suite 300 Columbus OH 43215

Contact: Tina Chubb

Email: Tina.Chubb@insurance.ohio.gov **Phone:** (614) 728-1044

I. Rule Summary

1. **Is this a five year rule review?** Yes
 - A. **What is the rule's five year review date?** 8/30/2018
2. **Is this rule the result of recent legislation?** No
3. **What statute is this rule being promulgated under?** 119.03
4. **What statute(s) grant rule writing authority?** 3901.041, 3923.33, 3923.331 to 3923.339
5. **What statute(s) does the rule implement or amplify?** 3923.33, 3923.331 to 3923.339
6. **What are the reasons for proposing the rule?**

This rule is being reviewed as a part of the agency five year rule review.

7. **Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.**

The purpose of rule 3901-8-08 is to provide for the reasonable standardization of coverage and simplification of terms and benefits of medicare supplement policies; to facilitate public understanding and comparison of such policies; to eliminate provisions contained in such policies which may be misleading or confusing in

connection with the purchase of such policies or with the settlement of claims; and to provide for full disclosures in the sale of sickness and accident insurance coverage to persons eligible for medicare.

The rule is being amended to address the changes to the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). Med Supp policies are sold by alphabetical names, with each plan offering slightly different benefits. MACRA mandates various changes to these plans by plan year 2020. The amendments are addressed throughout the draft rule by the addition of paragraph (L) to this rule. Various amendments are also made to the rule appendices which market the plans accordingly for consumers. Additionally, the following two amendments further clarify how the rule currently is applied: the amendment to paragraph (N) of this rule, open enrollment, states that tobacco and nicotine usage is not to be used as a discriminating factor in the pricing of these policies. Amendments to paragraph (S)(2) of this rule, further clarify how commission or other compensation for agents following the fifth renewal year of the policy will be paid out.

8. **Does the rule incorporate material by reference?** No
9. **If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.71 to 121.76, please explain the basis for the exemption and how an individual can find the referenced material.**

Not Applicable

10. **If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.**

Not Applicable

II. Fiscal Analysis

11. **As a result of this proposed rule, please estimate the increase / decrease in revenues or expenditures affecting this agency, or the state generally, in the current biennium or future years. If the proposed rule is likely to have a different fiscal effect in future years, please describe the expected difference and operation.**

This will have no impact on revenues or expenditures.

0.00

Not applicable.

12. What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?

This rule applies to all health plan issuers engaging in the sale of Med Supp policies in the state of Ohio. This rule impacts internal company resources which may include IT systems, publication edits, time to prepare new filings and staff training time. The proposed amendments will require a substantial review and revision to existing practices. Companies will need to submit new filings well in advance of the January 1, 2020, effective date of the new federally standardized Med Supp plans. In order to remain in compliance with this rule, health insurance companies should monitor staff communications and training, as well as their internal IT systems and procedures.

13. Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No

14. Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No

III. Common Sense Initiative (CSI) Questions

15. Was this rule filed with the Common Sense Initiative Office? Yes

16. Does this rule have an adverse impact on business? Yes

A. Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? Yes

This rule applies to licensed health insurance companies engaging in the sale of Med Supp policies.

B. Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? No

C. Does this rule require specific expenditures or the report of information as a condition of compliance? Yes

Paragraph (L)(11) of this rule: A medicare select issuer shall have and use procedures for hearing complaints and resolving written grievances from the subscribers. Paragraph (L)(11)(f) of this rule: The issuer shall report no later than each March thirty-first to the superintendent regarding its grievance procedure.

Paragraph (P)(2) of this rule: Refund or credit calculation. Paragraph (P)(2)(a) of this rule: An issuer shall collect and file with the superintendent by May thirty-first of each year the data contained in the applicable reporting form contained in appendix A to this rule for each type in a standard medicare supplement benefit plan.

Paragraph (X) of this rule: Reporting of multiple policies. Paragraph (X)(1) of this rule: On or before March first of each year, an issuer shall report the following information for every individual resident of this state for which the issuer has in force more than one medicare supplement policy or certificate. Policy and certificate number, and date of issuance.