

**MEMORANDUM**

TO: Michael Farley, Ohio Department of Insurance
FROM: Sydney King, Regulatory Policy Advocate
DATE: November 29, 2013
RE: **CSI Review – Chapter 3901-8 Health Insurance- Enrollment (OAC 3901-8-08)**

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

The Ohio Department of Insurance (ODI) submitted one rule for review as part of the five-year review process required by ORC 119.032. Rule 3901-8-08 is being proposed with amendments. The rule was submitted to the CSI Office on July 18, 2013 and the public comment period was held open through July 31, 2013. Based on follow-up conversations with the CSI Office related to the adverse impacts of the rule and the stakeholder outreach for developing the rule, the Department submitted a revised BIA on November 4, 2013. No comments were received during the CSI review period.

Rule 3901-8-08 provides for the standardization of coverage and simplification of terms and benefits of Medicare supplement policies; facilitates public understanding and comparison of such policies; eliminates 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 provides for full disclosures in the sale of sickness and accident insurance coverage to persons eligible for Medicare.

Rule 3901-8-08 establishes the framework for the regulation of Medicare supplement policies.

Almost every section of the rule creates an adverse impact on insurers. The rule outlines various requirements for policy coverage, advertising, reporting, grievance procedures, and communications to consumers. Medicare supplement issuers are also required to file policy forms, rates, and advertising for approval with the Department of Insurance. The filing fee is \$50 per form or per group of related forms. Rule 3901-1-57 establishes the filing fees. The rules are required in order to comply with federal authority 42 U.S.C. Section 1395. According to the BIA, ODI created additional requirements beyond the federal statute to provide more protection to its Medicare-eligible citizens. ODI also states the adverse impacts are justified by the resulting consumer benefits.

No comments were submitted during the CSI review period to suggest that the adverse impacts created by the rule are unduly burdensome. The CSI Office has determined that the rules justify the adverse impacts to businesses.

Recommendations

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Department of Insurance should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Lt. Governor's Office