STATE OF CONNECTICUT

INSURANCE DEPARTMENT

In The Matter Of	:	
Aetna Health and Life Insurance Company	:	**Docket No. LH 16-121**
Medicare Supplement Insurance	:	

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:

Aetna Health and Life Insurance Company's rate increase request for its group Standardized Medicare supplement insurance policy forms AAAMSP14A CT (Plan A), AAAMSP14B CT (Plan B), AAAMSP14F CT (Plan F), AAAMSP14G CT (Plan G) and AAAMSP14N (Plan N) is approved as submitted.

The rate action approved herein is reasonable in relationship to the benefits and estimated claim costs the company can reasonably expect to realize under these policy forms.

Dated at Hartford, Connecticut, this 4th day of January, 2017.

Katharine L Wade
Commissioner

STATE OF CONNECTICUT

INSURANCE DEPARTMENT

In The Matter Of	:	
Aetna Health and Life Insurance Company	:	**Docket No. LH 16-121**
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PROPOSED FINAL DECISION

1. 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, CT on Thursday, December 15, 2016, to consider whether or not the rate increases requested by Aetna Health and Life Insurance Company on its Medicare supplement insurance business should be approved.

No members from the general public attended the hearing.

No company representatives from Aetna Health and 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-496a 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.

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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, the testimony of the witnesses, and utilizing the experience, technical competence and specialized knowledge of the Insurance Department, the undersigned makes the following findings of fact:

1. Aetna Health and Life Insurance Company has requested the following rate increases for policy forms AAAMSP14A CT, AAAMSP14B CT, AAAMSP14F CT, AAAMSP14G CT and AAAMSP14N CT:

Plan	Rate Increase
A	3.0%
B	3.0%
F	12.0%
G	3.0%
N	3.0%

2. These proposed rates are expected to satisfy the Connecticut regulatory loss ratio requirement of 75% for group policy forms.

3. The proposed rates effective date of the rate increase is 5/1/2017.

4. Aetna certified that their expense factors are in compliance with Section 38a-473, C.G.S..

5. The company is complying with subsection (e) of section 38a-495c, C.G.S., relative to the automatic claim-processing requirement (crossover/piggybacking).

6. The most recent approved rate increase is 5%, for all plans, effective 5/1/2016.

7. The following are in-force counts on a Connecticut specific and nationwide basis, as of 6/30/16, by plan:

Plan	Connecticut	Nationwide
A	0	4
B	0	0
F	17	515
G	5	331
N	9	127
Total	31	977

8. The 2015, 2016 (through September) and inception-to-date loss ratios for Connecticut are as follows:

Plan	2015	2016	Inception
A	n/a	n/a	n/a
B	n/a	n/a	n/a
F	n/a	78.4%	78.4%
G	n/a	9.9%	9.9%
N	n/a	16.9%	16.9%
Total	n/a	58.1%	58.1%

9. The 2015, 2016 (through September) and inception-to-date loss ratios on a nationwide basis are as follows:

Plan	2015	2016	Inception
A	14.4%	116.5%	89.7%
B	n/a	n/a	n/a
F	72.0%	84.7%	81.7%
G	32.7%	46.8%	45.1%
N	59.5%	51.3%	53.2%
Total	64.7%	71.1%	69.8%

10. These certificates are issued as part of a master group policy issued by Aetna Health and Life Insurance Company to the Trustees of American Automobile Association, an association group created by a trust agreement sitused in District of Columbia. American Automobile Association is a federation of motor clubs that provide services to its

members, including roadside assistance, travel planning, and senior safety solutions. Aetna Health and Life Insurance Company applicants must be members of a local American Automobile Association club. Membership in a local motor club requires residence within the club's coverage area and the payment of an annual membership fee.

11. These certificate forms are available to qualifying applicants age 65 and over. Plans A and B are also available to the disabled under the age of 65.

12. Aetna Health and Life Insurance Company's 2017 Medicare supplement rate filing proposal is 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.

III. RECOMMENDATION

The undersigned recommends that the rate increase requests for each Plan 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 4th day of January, 2017.

Danny K. Albert
Hearing Officer