STATE OF CONNECTICUT

INSURANCE DEPARTMENT

In The Matter Of:	:	
UNITED HEALTHCARE	:	**Docket No. LH 12-103**
INSURANCE COMPANY	:	
Medicare Supplement Insurance	:	

ORDER

I, Anne Melissa Dowling, Deputy 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:

The 7.5% rate increase request submitted by United HealthCare Insurance Company for its Standardized Plan C (sold before and after June 1, 2010) is approved as submitted.

The company's proposal to decrease the rates on its Standardized Plans K and N, by 9.9% and 5.0% respectively, is approved as proposed. The rate decreases apply to the plans sold before and after June 1, 2010.

United HealthCare's proposal to maintain the current rates with no rate changes on its Standardized Plans: A, B, D, E, F, G, H (with & w/o Rx), I (with & w/o Rx), J (with & w/o Rx) and L, is approved as proposed. This applies to the plans sold before and after June 1, 2010.

United HealthCare Insurance Company's rate filing for its pre-MIPPA and MIPPA (Medicare Improvements for Patients and Providers Act of 2008) Standardized Medicare supplement insurance plans is reasonable in relation to the benefits, estimated claim costs and the anticipated loss ratios the company expects to realize on its Medicare supplement business.

Dated at Hartford, Connecticut, this 5th day of October, 2012.

Anne Melissa Dowling
Deputy Commissioner

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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 on September 19, 2012 to consider whether or not the rate increase requested by United Healthcare Insurance Company on its Medicare supplement business should be approved.

No member from the general public or public officials attended the hearing.

One company representative participated in the hearing. Two other representatives participated via speaker phone.

The hearing was conducted in accordance with the requirements of Section 38a-474, Connecticut General Statutes, the Uniform Administrative Procedures Act, Chapter 54 of the Connecticut General Statutes, and the Insurance Department Rules of Practice, Section 38a-8-1 et seq. of the Regulations of Connecticut State Agencies.

A Medicare supplement (or Medigap) 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-495a 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 that all insurers offering Medicare supplement policies for sale in the state must offer the basic "core" package of benefits known as Plan A. Insurers may also offer any one or more of eleven other plans (Plans B through L).

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 L 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.

The statute provides that coverage under Plan A through L 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 supplemental 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:

General

United HealthCare was granted a rate increases and decreases on its Connecticut Medicare Supplement AARP block of business for 2012. The current filing for 2013 rates request the following increases/decreases:

Plan	Proposed 2013 Monthly Rate	2012 Monthly Rate	Diff. (%)
C	$255.00	$237.25	7.5%
K	$72.75	$80.75	-9.9%
N	$147.00	$154.75	-5.0%

No rate change requested for Plans A, B, D, E, F, G, H (with and without drugs), I (with and without drugs), J (with and without drugs) and L.

United HealthCare calculated the Medicare Part A trend as follows:

	2010	2011	2012	2013
Medicare Part A Deductible	$1,110	$1,132	$1,156	$1,188
% Change in Part A Deductible	3.0%	2.9%	2.1%	2.8%
Utilization Trend	5.6%	-0.2%	-0.4%	2.7%
Composite Trend	8.8%	2.7%	1.7%	5.5%

United HealthCare's standardized plans prior to June 1, 2010 cover approximately 62,690, with an additional 15,667 covered under the new MIPPA plan. The standardized MIPPA plans are available on a group basis under a group policy issued to the American Association of Retired Persons (AARP).

United HealthCare certified that the expense factors, within the proposed rates, are in compliance with section 38a-473, C.G.S.

The Connecticut loss ratios for the standardized block of business are as follows:

Plan	2010	2011	2012
A	71.0%	75.5%	82.4%
B	78.5%	80.9%	85.4%
C	93.6%	90.2%	89.6%
D	81.3%	73.3%	80.7%
E	80.5%	79.1%	81.0%
F	77.5%	74.5%	82.2%
G	77.2%	84.9%	80.2%
H	87.2%	77.5%	89.2%
I	85.6%	78.0 %	75.6%
J	85.2%	79.5%	81.0%
K	40.9%	57.5%	62.6%
L	60.9%	64.1%	78.1%
N	64.3%	63.8%	71.9%
Total	83.0%	78.7%	82.5%

The experience for 2012 is through July.

Compliance with Reg. 38a-474 (submission and review of rates for Medicare supplement)

United HealthCare's 2012 Medicare supplement rate filing proposals are in compliance with the requirements of regulation 38a-474 as it applies to the contents of the rate submission as well as the actuarial memorandums.

It has been confirmed that United HealthCare makes standardized Plans A, B and C available to persons eligible for Medicare by reason of a disability only if they are

members of AARP, and that United HealthCare is in compliance with the automatic claim processing system (i.e., piggybacking).

III. RECOMMENDATION

Standardized Plans Sold Prior to June 1, 2010 and MIPPA Plans Sold after June 1, 2010

The undersigned recommends approval of the following rate increases/decreases for 2013:

Plan	Increase
C	7.5%
K	-9.9%
N	-5.0%

The undersigned also recommends that no rate change be approved as requested for Plans A, B, D, E, F, G, H (with and without drugs), I (with and without drugs), J (with and without drugs) and L.

For Plans C, K and N the rate changes requested 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 5th day of October, 2012.

Danny K. Albert
Hearing Officer