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Insurance Bulletin 221

Medicare Supplement COVID-19 Rate Relief

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During the COVID-19 pandemic, particularly in 2020, many patients deferred or cancelled care. As a result, many health insurers realized higher than expected profits. In health insurance markets in Vermont as well as nationwide, insurers have offered consumers premium relief to account for the unprecedented impact COVID-19 continues to have on consumers and their access to health care.

In April of 2021, the Department of Financial Regulation completed an actuarial analysis of the impact of deferred and cancelled care on several Vermont health insurance markets in 2020. The study showed that several health insurers experienced lower claims volume and more favorable claims experience than anticipated, especially in the Medicare Supplement Market. As a result, the Department wants to ensure that Medicare Supplement plans account for the lower-than-expected claims volume caused by COVID-19, which greatly surpassed normal variation in experience seen in previous years.

The Department is asking Medicare Supplement Insurers to provide premium relief to policyholders to account for the favorable financial impact COVID-19 had on this line of business. After careful analysis of credible experience in Vermont, the Department has determined that issuing a premium relief of 8.3% of a company's 2020 earned premium appropriately corrects the economic imbalance created by the pandemic and its impact on claims experience.

Medicare Supplement Insurers are encouraged to reach out to the Department before submitting rate filings in 2022. Inquiries about this Bulletin should be directed to Anna Van Fleet, Director of Rates and Forms for Life and Health (anna.vanfleet@vermont.gov).

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Date

