

VERMONT DEPARTMENT OF BANKING, INSURANCE AND SECURITIES

REGULATION 91-2

**INDEPENDENT ANALYSIS OF PROPOSED MEDICARE SUPPLEMENT
RATE INCREASES**

Table of Contents

Section 1. Purpose
Section 2. Authority
Section 3. Review by the Commissioner
Section 4. Information Required of Insurers
Section 5. Independent Analysis
Section 6. Severability
Section 7. Effective Date

Sec. 1. Purpose

The purpose of this regulation is to set forth rules for the hiring of independent experts to analyze proposed rate increases in Medicare supplement health insurance policies pursuant to Title 33 V.S.A. § 6706.

Sec. 2. Authority

This regulation is issued pursuant to the authority vested in the Commissioner of Banking, Insurance and Securities (“Commissioner”) by Title 33 V.S.A. § 6706.

Sec. 3. Review by the Commissioner

- (a) Proposed rate increases in Medicare supplement rates shall be reviewed by the Commissioner to determine if the best interests of the policyholders or certificateholders will be served by having an analysis of the proposed increase performed by an independent expert. In determining whether such analysis would serve the policyholders’ or certificateholders’ best interests, the Commissioner:
- (1) shall consider the premium volume and the amount of the proposed increase;
 - (2) shall weigh the cost of such analysis to each policyholder or certificateholder against the amount of the proposed rate increase; and
 - (3) may consider amendments to Medicare law, inflation, and other factors that impact Medicare supplement rates.

- (b) When the Commissioner determines that independent analysis is in the best interest of the policyholders or certificateholders, he shall notify the insurer of such determination no later than thirty (30) days after the filing is received by the Department. Once such notification is given, the Commissioner shall submit the filing to an expert for independent analysis. The filing will not be deemed approved until thirty (30) days after it is returned to the Department by the expert.
- (c) The Commissioner's determination under this section shall become part of the Department's rate filing records and shall be made at least five (5) days prior to the granting of the rate increase or any portion thereof.

Sec. 4. Information Required of Insurers

To enable the Commissioner to adequately review Medicare supplement rates pursuant to Section 3 of this regulation, insurers are required to provide with each rate filing –

- (a) the proposed rate increase, expressed as both:
 - (1) the total dollar amount; and
 - (2) a percentage of written premiums; and
- (b) for the most recent period of experience, the following Vermont data:
 - (1) the number of individual policyholders or certificateholders to be affected by the rate increase; and
 - (2) the average premium per policyholder or certificateholder both before and after the filing, assuming the filing is approved; and
- (c) for the preceding five-year period of sale of the certificates or policies in Vermont, the following Vermont data for each calendar year:
 - (1) the amount of written premiums;
 - (2) the amount of earned premiums; and
 - (3) the incurred claims associated with Vermont insureds.

Sec. 5. Independent Analysis

- (a) The Commissioner shall periodically solicit proposals from and enter into agreements with qualified experts to conduct the required independent analysis.

- (b) The Commissioner may set reasonable limits on the expert's fees and costs. Such fees and costs shall be submitted to the Department and the insurer and paid directly by the insurer. The insurer may assess the affected policyholders or certificateholders.
- (c) The independent expert shall submit a report, containing findings, analysis and a summary statement, to the Department within thirty (30) days of the rate filing being submitted to such expert for analysis. The summary shall become part of the Department's rate filing records.

Sec. 6. Severability

Should a court hold any provision of this regulation invalid in any circumstance, the invalidity shall not affect any other provisions or circumstances.

Sec. 7. Effective Date

This regulation shall become effective January 1, 1992.