

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control 482 Department or Agency Department of Insurance*

Rule No. 482-1-071-.09-1

Rule Title: Standard Medicare Supplement Benefit Plans for 2010 Standardized Medicare Supplement
Benefit Plan Policies or Certificates Issued for Delivery with an Effective Date for Coverage
on or After January 1, 2010.

New Amend Repeal Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? N/A*

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? N/A*

Is there another, less restrictive method of regulation available that could adequately protect the public? N/A*

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? N/A*

Is the increase in costs, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? N/A*

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? N/A*

Does the proposed rule have an economic impact? N/A*

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Sections 27-2-17 and 27-7-43, Code of Alabama 1975, and that it complies with all applicable filing requirements of the Alabama Insurance Code.*

Signature of certifying officer Jim L. Ridling
Jim L. Ridling
Commissioner of Insurance

Date: April 20, 2017

*Note: The Alabama Department of Insurance is exempt from the Alabama Administrative Procedures Act pursuant to Section 41-22-2(e), Code of Alabama 1975.

Alabama Department of Insurance

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Department of Insurance

RULE NO. & TITLE: Rule 482-1-071-.09-1: Standard Medicare Supplement Benefit Plans for 2010 Standardized Medicare Supplement Benefit Plan Policies or Certificates Issued for Delivery with an Effective Date for Coverage on or after January 1, 2010.

INTENDED ACTION: Amend rule.

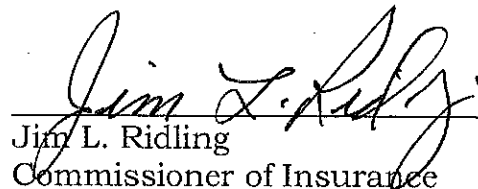
SUBSTANCE OF PROPOSED ACTION: The Commissioner of Insurance is proposing to amend the rule which sets forth the standards applicable to all Medicare supplement policies issued for delivery on and after January 1, 2010. The amendment adds language necessary to introduce the redesigned Plan G High Deductible. The amendment will become effective January 1, 2020.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit data, views, or arguments in writing at any time prior to June 7, 2017, to the Alabama Department of Insurance, Attention: Legal Division, Post Office Box 303351, Montgomery, Alabama 36130-3351, or orally by appearing at the public hearing, Suite 502, RSA Tower, 201 Monroe Street, Montgomery, Alabama, beginning at 2:00 PM, on June 14, 2017.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

June 7, 2017

CONTACT PERSON AT AGENCY: Kathleen Healey
Associate Counsel


Jim L. Ridling
Commissioner of Insurance

1 **482-1-071-.09-1 Standard Medicare Supplement Benefit Plans**
2 **for 2010 Standardized Medicare Supplement Benefit Plan**
3 **Policies or Certificates Issued for Delivery with an Effective**
4 **Date for Coverage on or After June 1, 2010.** The following
5 standards are applicable to all Medicare supplement policies
6 or certificates delivered or issued for delivery in this state
7 with an effective date for coverage on or after June 1, 2010.
8 No policy or certificate may be advertised, solicited,
9 delivered or issued for delivery in this state as a Medicare
10 supplement policy or certificate unless it complies with these
11 benefit plan standards. Benefit plan standards applicable to
12 Medicare supplement policies and certificates issued with an
13 effective date for coverage before June 1, 2010 remain subject
14 to the requirements of Rule 482-1-071-.09.

15 A.(1) An issuer shall make available to each prospective
16 policyholder and certificateholder a policy form or
17 certificate form containing only the basic (core) benefits, as
18 defined in Rule 482-1-071-.08-1B.

19 (2) If an issuer makes available any of the additional
20 benefits described in Rule 482-1-071-.08-1C, or offers
21 standardized benefit Plans K or L (as described in Rule 482-1-
22 071-.09-1E(8) and (9)), then the issuer shall make available

1 to each prospective policyholder and certificateholder, in
2 addition to a policy form or certificate form with only the
3 basic (core) benefits as described in subsection A(1) above, a
4 policy form or certificate form containing either standardized
5 benefit Plan C (as described in Rule 482-1-071-.09-1E(3) of
6 this section) or standardized benefit Plan F (as described in
7 Rule 482-1-071-.09-1E(5) of this section).

8 B. No groups, packages or combinations of Medicare
9 supplement benefits other than those listed in this Section
10 shall be offered for sale in this state, except as may be
11 permitted in Rule 482-1-071-.09-1F and in Rule 482-1-071-.10.

12 C. Benefit plans shall be uniform in structure,
13 language, designation and format to the standard benefit plans
14 listed in this Subsection and conform to the definitions in
15 Rule 482-1-071-.04. Each benefit shall be structured in
16 accordance with the format provided in Rule 482-1-071-.08-1B
17 and Rule 482-1-071-.08-1C; or, in the case of plans K or L, in
18 Rule 482-1-071-.09-1E(8) or Rule 482-1-071-.09-1E(9) and list
19 the benefits in the order shown. For purposes of this Rule,
20 "structure, language, and format" means style, arrangement and
21 overall content of a benefit.

1 D. In addition to the benefit plan designations required
2 in Subsection C of this section, an issuer may use other
3 designations to the extent permitted by law.

4 E. Make-up of 2010 Standardized Benefit Plans:

5 (1) Standardized Medicare supplement benefit Plan A shall
6 include only the following: The basic (core) benefits as
7 defined in Rule 482-1-071-.08-1B.

8 (2) Standardized Medicare supplement benefit Plan B shall
9 include only the following: The basic (core) benefit as
10 defined in Rule 482-1-071-.08-1B, plus one hundred percent
11 (100%) of the Medicare Part A deductible as defined in Rule
12 482-1-071-.08-1C(1).

13 (3) Standardized Medicare supplement benefit Plan C shall
14 include only the following: The basic (core) benefit as
15 defined in Rule 482-1-071-.08-1B, plus one hundred percent
16 (100%) of the Medicare Part A deductible, skilled nursing
17 facility care, one hundred percent (100%) of the Medicare Part
18 B deductible, and medically necessary emergency care in a
19 foreign country as defined in Rule 482-1-071-.08-1C(1), (3),
20 (4), and (6), respectively.

21 (4) Standardized Medicare supplement benefit Plan D shall
22 include only the following: The basic (core) benefit as

1 defined in Rule 482-1-071-.08-1B, plus one hundred percent
2 (100%) of the Medicare Part A deductible, skilled nursing
3 facility care, and medically necessary emergency care in an
4 foreign country as defined in Rule 482-1-071-.08-1C(1), (3),
5 and (6), respectively.

6 (5) Standardized Medicare supplement [regular] Plan F
7 shall include only the following: The basic (core) benefit as
8 defined in Rule 482-1-071-.08-1B, plus one hundred percent
9 (100%) of the Medicare Part A deductible, skilled nursing
10 facility care, one hundred percent (100%) of the Medicare Part
11 B deductible, one hundred percent (100%) of the Medicare Part
12 B excess charges, and medically necessary emergency care in a
13 foreign country as defined in Rule 482-1-071-.08-1C(1), (3),
14 (4), (5), and (6), respectively.

15 (6) Standardized Medicare supplement Plan F With High
16 Deductible shall include only the following: one hundred
17 percent (100%) of covered expenses following the payment of
18 the annual deductible set forth in Subparagraph (b).

19 (a) The basic (core) benefit as defined in Rule 482-1-
20 071-.08-1B, plus one hundred percent (100%) of the Medicare
21 Part A deductible, skilled nursing facility care, one hundred
22 percent (100%) of the Medicare Part B deductible, one hundred

1 percent (100%) of the Medicare Part B excess charges, and
2 medically necessary emergency care in a foreign country as
3 defined in Rule 482-1-071-.08-1C(1), (3), (4), (5), and (6),
4 respectively.

5 (b) The annual deductible in Plan F With High Deductible
6 shall consist of out-of-pocket expenses, other than premiums,
7 for services covered by [regular] Plan F, and shall be in
8 addition to any other specific benefit deductibles. The basis
9 for the deductible shall be \$1,500 and shall be adjusted
10 annually from 1999 by the Secretary of the U.S. Department of
11 Health and Human Services to reflect the change in the
12 Consumer Price Index for all urban consumers for the twelve-
13 month period ending with August of the preceding year, and
14 rounded to the nearest multiple of ten dollars (\$10).

15 (7) Standardized Medicare supplement benefit Plan G shall
16 include only the following: The basic (core) benefit as
17 defined in Rule 482-1-071-.08-1B, plus one hundred percent
18 (100%) of the Medicare Part A deductible, skilled nursing
19 facility care, one hundred percent (100%) of the Medicare Part
20 B excess charges, and medically necessary emergency care in a
21 foreign country as defined in Rule 482-1-071-.08-1C(1), (3),
22 (5), and (6), respectively. Effective January 1, 2020, the

1 standardized benefit plans described in Rule 482-1-071-.09-
2 2A(4) (Redesigned Plan G High Deductible) may be offered to
3 any individual who was eligible for Medicare prior to January
4 1, 2010.

5 (8) Standardized Medicare supplement Plan K is mandated
6 by The Medicare Prescription Drug, Improvement and
7 Modernization Act of 2003, and shall include only the
8 following:

9 (a) Part A Hospital Coinsurance 61st through 90th days:
10 Coverage of one hundred percent (100%) of the Part A hospital
11 coinsurance amount for each day used from the 61st through the
12 90th day in any Medicare benefit period;

13 (b) Part A Hospital Coinsurance, 91st through 150th days:
14 Coverage of one hundred percent (100%) of the Part A hospital
15 coinsurance amount for each Medicare lifetime inpatient
16 reserve day used from the 91st through the 150th day in any
17 Medicare benefit period;

18 (c) Part A Hospitalization After Lifetime Reserve Days
19 are exhausted: Upon exhaustion of the Medicare hospital
20 inpatient coverage, including the lifetime reserve days,
21 coverage of one hundred percent (100%) of the Medicare Part A
22 eligible expenses for hospitalization paid at the applicable

1 prospective payment system (PPS) rate, or other appropriate
2 Medicare standard of payment, subject to a lifetime maximum
3 benefit of an additional 365 days. The provider shall accept
4 the issuer's payment as payment in full and may not bill the
5 insured for any balance;

6 (d) Medicare Part A Deductible: Coverage for fifty
7 percent (50%) of the Medicare Part A inpatient hospital
8 deductible amount per benefit period until the out-of-pocket
9 limitation is met as described in Subparagraph (j);

10 (e) Skilled Nursing Facility Care: Coverage for fifty
11 percent (50%) of the coinsurance amount for each day used from
12 the 21st day through the 100th day in a Medicare benefit
13 period for post-hospital skilled nursing facility care
14 eligible under Medicare Part A until the out-of-pocket
15 limitation is met as described in Subparagraph (j);

16 (f) Hospice Care: Coverage for fifty percent (50%) of
17 cost sharing for all Part A Medicare eligible expenses and
18 respite care until the out-of-pocket limitation is met as
19 described in Subparagraph (j);

20 (g) Blood: Coverage for fifty percent (50%), under
21 Medicare Part A or B, of the reasonable cost of the first
22 three (3) pints of blood (or equivalent quantities of packed

1 red blood cells, as defined under federal regulations) unless
2 replaced in accordance with federal regulations until the out-
3 of-pocket limitation is met as described in Subparagraph (j);

4 (h) Part B Cost Sharing: Except for coverage provided in
5 Subparagraph (i), coverage for fifty percent (50%) of the cost
6 sharing otherwise applicable under Medicare Part B after the
7 policyholder pays the Part B deductible until the out-of-
8 pocket limitation is met as described in Subparagraph (j);

9 (i) Part B Preventive Services: Coverage of one hundred
10 percent (100%) of the cost sharing for Medicare Part B
11 preventive services after the policyholder pays the Part B
12 deductible; and

13 (j) Cost Sharing After Out-of-Pocket Limits: Coverage of
14 one hundred percent (100%) of all cost sharing under Medicare
15 Parts A and B for the balance of the calendar year after the
16 individual has reached the out-of-pocket limitation on annual
17 expenditures under Medicare Parts A and B of \$4000 in 2006,
18 indexed each year by the appropriate inflation adjustment
19 specified by the Secretary of the U.S. Department of Health
20 and Human Services.

21 (9) Standardized Medicare supplement Plan L is mandated
22 by The Medicare Prescription Drug, Improvement and

1 Modernization Act of 2003, and shall include only the
2 following:

3 (a) The benefits described in Rule 482-1-071-.09-
4 1E(8)(a), (b), (c) and (i);

5 (b) The benefit described in Rule 482-1-071-.09-1E(8)(d),
6 (e), (f), (g) and (h), but substituting seventy-five percent
7 (75%) for fifty percent (50%); and

8 (c) The benefit described in Rule 482-1-071-.09-1E(8)(j),
9 but substituting \$2000 for \$4000.

10 (10) Standardized Medicare supplement Plan M shall
11 include only the following: The basic (core) benefit as
12 defined in Rule 482-1-071-.08-1B, plus fifty percent (50%) of
13 the Medicare Part A deductible, skilled nursing facility care,
14 and medically necessary emergency care in a foreign country as
15 defined in Rule 482-1-071-.08-1C(2), (3) and (6),
16 respectively.

17 (11) Standardized Medicare supplement Plan N shall
18 include only the following: The basic (core) benefit as
19 defined in Rule 482-1-071-.08-1B, plus one hundred percent
20 (100%) of the Medicare Part A deductible, skilled nursing
21 facility care, and medically necessary emergency care in a
22 foreign country as defined in Rule 482-1-071-.08-1C(1), (3)

1 and (6), respectively, with copayments in the following
2 amounts:

3 (a) the lesser of twenty dollars (\$20) or the Medicare
4 Part B coinsurance or copayment for each covered health care
5 provider office visit (including visits to medical
6 specialists); and

7 (b) the lesser of fifty dollars (\$50) or the Medicare
8 Part B coinsurance or copayment for each covered emergency
9 room visit, however, this copayment shall be waived if the
10 insured is admitted to any hospital and the emergency visit is
11 subsequently covered as a Medicare Part A expense.

12 F. New or Innovative Benefits: An issuer may, with the
13 prior approval of the commissioner, offer policies or
14 certificates with new or innovative benefits, in addition to
15 the standardized benefits provided in a policy or certificate
16 that otherwise complies with the applicable standards. The new
17 or innovative benefits shall include only benefits that are
18 appropriate to Medicare supplement insurance, are new or
19 innovative, are not otherwise available, and are cost-
20 effective. Approval of new or innovative benefits must not
21 adversely impact the goal of Medicare supplement
22 simplification. New or innovative benefits shall not include

1 an outpatient prescription drug benefit. New or innovative
2 benefits shall not be used to change or reduce benefits,
3 including a change of any cost-sharing provision, in any
4 standardized plan.

5 **Author:** Commissioner of Insurance

6 **Statutory Authority:** Code of Alabama 1975, §§ 27-2-17 and 27-
7 19-50 et seq.

8 **History:** New June 11, 2009, effective June 30, 2009; Revised
9 June 10, 2010, effective July 1, 2010; Revised June 14, 2017,
10 Effective January 1, 2020