

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control 482 Department or Agency Department of Insurance*

Rule No. 482-1-071-09-2

Rule Title: Standard Medicare Supplement Benefit Plans for 2020 Standardized Medicare Supplement Benefit Plan Policies or Certificates Issued for Delivery to Individuals Newly Eligible for Medicare on or After January 1, 2020.

X 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-.09-2: Standard Medicare Supplement Benefit Plans for 2020 Standardized Medicare Supplement Benefit Plan Policies or Certificates Issued for Delivery to Individuals Newly Eligible for Medicare on or after January 1, 2020.

INTENDED ACTION: Adopt new rule.


SUBSTANCE OF PROPOSED ACTION: The Commissioner of Insurance is proposing to adopt a new to set forth the standards applicable to all Medicare supplement policies issued for delivery on and after January 1, 2020. The new section is substantially similar to the most recently revised NAIC model regulation. The new section 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-.09-2 Standard Medicare Supplement Benefit Plans
2 for 2020 Standardized Medicare Supplement Benefit Plan
3 Policies or Certificates Issued for Delivery to Individuals
4 Newly Eligible for Medicare on or After January 1, 2020. The
5 Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)
6 requires the following standards and are applicable to all
7 Medicare supplement policies or certificates delivered or
8 issued for delivery in this state to individuals newly
9 eligible for Medicare on or after January 1, 2020. No policy
10 or certificate that provides coverage of the Medicare Part B
11 deductible may be advertised, solicited, delivered or issued
12 for delivery in this state as a Medicare supplement policy or
13 certificate to individuals newly eligible for Medicare on or
14 after January 1, 2020. All policies must comply with the
15 following benefit standards. Benefit plan standards applicable
16 to Medicare supplement policies and certificates issued to
17 individuals eligible for Medicare before January 1, 2020,
18 remain subject to the requirements of Rule 482-1-071-.09-1.

19 A. Benefit Requirements. The standards and requirements
20 of 482-1-071-.09-1 shall apply to all Medicare supplement
21 policies or certificates delivered or issued for delivery to

1 individuals newly eligible for Medicare on or after January 1,
2 2020, with the following exceptions:

3 (1) Standardized Medicare supplement benefit Plan C is
4 redesignated as Plan D and shall provide the benefits
5 contained in Rule 482-1-071-.09-1 E.(3) but shall not provide
6 coverage for one hundred percent (100%) or any portion of the
7 Medicare Part B deductible.

8 (2) Standardized Medicare supplement benefit Plan F is
9 redesignated as Plan G and shall provide the benefits
10 contained in Rule 482-1-071-.09-1 E.(5) but shall not provide
11 coverage for one hundred percent (100%) or any portion of the
12 Medicare Part B deductible.

13 (3) Standardized Medicare supplement benefit Plans C, F,
14 and F with High Deductible may not be offered to individuals
15 newly eligible for Medicare on or after January 1, 2020.

16 (4) Standardized Medical supplement benefit Plan F with
17 High Deductible is redesignated as Plan G with High Deductible
18 and shall provide the benefits contained in Rule 482-1-071-
19 .09-1 E. (6) but shall not provide coverage for one hundred
20 percent (100%) or any portion of the Medicare Part B
21 deductible; provided further that, the Medicare Part B

1 deductible paid by the beneficiary shall be considered an out-
2 of-pocket expense in meeting the annual high deductible.

3 (5) The reference to Plans C or F contained in Rule 482-
4 1-071-.09-1 A. (2) is deemed a reference to Plans D or G for
5 purposes of this section.

6 B. Applicability to Certain Individuals. Rule 482-1-071-
7 .09-2 applies to only individuals who are newly eligible for
8 Medicare on or after January 1, 2020:

9 (1) by reason of attaining age 65 on or after January 1,
10 2020; or

11 (2) by reason of entitlement to benefits under Part A
12 pursuant to section 226(b) or 226A of the Social Security Act,
13 or who is deemed to be eligible for benefits under section
14 226(a) of the Social Security Act on or after January 1, 2020.

15 C. Guaranteed Issue for Eligible Persons. For purposes
16 of Rule 482-1-071-.12 E., in the case of any individual newly
17 eligible for Medicare on or after January 1, 2020, any
18 reference to a Medicare supplement policy C or F (including F
19 with High Deductible) shall be deemed to be a reference to
20 Medicare supplement policy D or G (including G with High
21 Deductible) respectively that meet the requirements of 482-1-
22 071-.09-2 A.

1 D. Applicability to Waivered States. In the case of a
2 State described in Section 1882(p)(6) of the Social Security
3 Act ("waivered" alternative simplification states) MACRA
4 prohibits the coverage of the Medicare Part B deductible for
5 any Medicare supplement policy sold or issued to an individual
6 that is newly eligible for Medicare on or after January 1,
7 2020.

8 E. Offer of Redesignated Plans to Individuals Other than
9 Newly Eligible. On or after January 1, 2020, the standardized
10 benefit plans described in subparagraph A. (4), above, may be
11 offered to any individual who was eligible for Medicare prior
12 to January 1, 2020, in to the standardized plans described in
13 Rule 482-1-071-.09-1 E.

14 **Author:** Commissioner of Insurance

15 **Statutory Authority:** Code of Alabama 1975, §§ 27-2-17 and 27-
16 19-50 et seq.

17 **History:** New June 14, 2017, Effective January 1, 2020