

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

Before the Insurance Administrator
Department of Consumer and Business Services

In the Matter of Rulemaking to Amend)	
OAR 836-052-0114, 836-052-0145 and)	SUMMARY OF TESTIMONY
836-052-0151 Relating to Medicare Supplement)	AND HEARING OFFICER'S
Plans)	RECOMMENDATION
)	

Recital of Rulemaking Procedures Followed

On August 10, 2011, the Director filed with the Secretary of State a Notice of Proposed Rulemaking Hearing (Notice), giving notice that the Director proposed to amend existing rules, OAR 836-052-0114, 836-052-0145 and 836-052-0151. The Notice announced that a rulemaking hearing would be held on September 28, 2011, and that interested persons could submit comment through October 5, 2011. The notice was filed with a Statement, consisting of a Statement of Statutory Authority, Need for Action, Advisory Committee, Principal Documents Relied Upon and Fiscal and Economic Impact. A copy of the Notice was published in the Secretary of State's Oregon Bulletin of September 1, 2010. Copies of the Notice and Statement and the proposed rulemaking were delivered or mailed to health insurers and health care service contractors, to persons on the Division mailing list established under the Administrative Procedures Act, to legislators who are required by law to be notified, and to the press and to other interested persons. Copies were also made available to interested persons through the Division's e-notify system and were posted on the Division's website.

The Division presented the draft proposed rules to an advisory committee that met on July 21, 2011.

These rules clarify that the provision that limits premium increases for Medicare supplement to once in any 12-month period insurance (adopted in February 2011) does not apply to changes in policy or payment terms initiated by the insured. The proposed amendments to the rules also specify that limitation applies to all existing 1990 Standardized Medicare Supplement benefit plans and all 2010 Standardized Medicare Supplement benefit plans policies or certificates renewed on or after January 1, 2012, as the original rulemaking did not address the applicability to existing policies. The effective date for changes made in February to the Exhibits to OAR 836-052-0160 does not change and the applicability of the one increase per year to all Medicare supplement policies or certificates issued on or after July 1, 2011 does not change. The limitation continues to apply to all new Medicare supplement policies or certificates issued on or after July 1, 2011.

The Division initiated this rulemaking after conversations with health insurers and internal discussions about the need to provide more lead time for existing policies. The insurers agreed that January 1, 2012 would allow adequate time to make the change for existing policies. We then met with an external advisory committee (EAC) on these rules. At our meeting, the insurers,

producers and consumer representatives agreed that the clarifications are helpful and that the January 1, 2012 applicability date for existing policies provides the necessary lead-in time to adjust existing policies while still providing consumer protection against unexpected premium increases.

Testimony Received and Hearing Officer Recommendation

The hearing was held as scheduled. Jeannette Holman, Senior Policy Analyst, was the hearing officer. No one attended the hearing, and the Division has not received any written comments for this rulemaking.

The hearing officer recommends that the rulemaking be adopted as proposed.

Although the rules will take effect upon filing, the limitation will apply to existing Medicare supplement policies or certificates on or after January 1, 2012.

The rulemaking was reviewed again for its economic effect on businesses, including small businesses, and there is no need for further change. The rulemaking is within the Director's rulemaking authority, and applicable rulemaking procedures were complied with.

Signed this 24th day of October 2011.

Department of Consumer and Business Services

/s/

Jeannette Holman, Hearing Officer

This Summary and Recommendation are reviewed and adopted.

Signed this 28th day of October 2011.

Department of Consumer and Business Services

/s/

Teresa Miller, Deputy Insurance Administrator