

# Speed to Market Tools for Medicare Supplement Rate Filings

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**Purpose:** Speed to Market (STM) Tools provide guidance for preparing a filing. Although using the information in this document does not guarantee that your filing will be approved, it will expedite the review of your filing.

**Applicable TOIs:** MS02G, MS02I, MS04G, MS04I, MS05G, MS05I, MS07G, MS07I, MS08G, and MS08I

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## 1) Pre-Standardized plans

### a) Are you meeting the pooling requirements?

- i) Provide only one rate filing for all individual pre-standardized plans. All rate changes should be the same percentage. [WAC-284-55-115(5)(d) and WAC 284-55-150(6)].
- ii) If you are withholding information from public inspection (per RCW 48.02.120(3)), provide one public filing and one proprietary filing.

### b) Are you meeting the minimum loss ratio requirements?

- i) Minimum loss ratio requirements per [WAC 284-55-115]:
  - (1) Disability insurers or fraternal benefit societies: 65% for individual policies and 75% for group.
  - (2) Health care service contractors and health maintenance organizations: 70% for individual and 80% for group.

- ii) What must meet the minimum loss ratio requirements?
  - (1) The ratio of the incurred losses to earned premiums for the **most recent year**.  
Note: Though we allow you to use nationwide experience or some other credible experience to show that you meet the minimum loss ratios over the entire period for which the policy is rated, you are required to report the experience for Washington only for the most recent years and show that the most recent year actual loss ratio for Washington State meets the minimum loss ratio requirement.
  - (2) The expected losses in relation to premiums over the entire period for which the policy is rated.
  - (3) If you have no credible experience in Washington or nationwide, we may approve only a trend increase. However, we may ask you to provide credible information to support your trend.
  - (4) The rule WAC 284-55-115 was initially effective November 1, 1988. If you have policies issued before the rule was initially effective and the policies were approved with lower minimum loss ratio requirements, please provide the following:
    - (a) The various loss ratios that the forms were approved under.
    - (b) A weighted average of the approved minimum loss ratios.
- c) **Have you provided a complete actuarial memorandum that is signed and dated?**
- d) **Do you clearly list all rate information on your rate sheet(s)?**
- e) **Is the proprietary filing complete?**
  - i) If you wish to withhold information from public inspection pursuant to RCW 48.02.120(3), you must file separate public and not-for-public (aka proprietary) filings as instructed in the Washington State SERFF Life, Health and Disability Rate Filing General Instructions.
  - ii) The proprietary filing should be a complete filing.
  - iii) Include a separate document in both the public and proprietary filings, listing all data withheld. This list needs to identify each piece of information withheld by description and location in the filing and explain how the documents and exhibits contain actuarial formulas, statistics, and assumptions that are in support of the rate filing and contain trade secrets.
  - iv) If one single page includes both public information and proprietary information, only the proprietary information in the particular page can be redacted.

## 2) Standardized Medicare Supplement Rate Change Filings

### a) **Are you pooling all plans with the same letter for rating purposes?**

- a. The experience for each plan should be combined with the same 1990 plan for rating purposes (i.e., the experience for 2010 plan A should be combined with the experience of

1990 plan A) since the plans contain similar benefits. There may be cases where the 1990 plans are not similar to the 2010 plans. In this case, provide a section in the actuarial memorandum explaining why these plans are not similar and do not need to be pooled.

- b. Plan F contains the same benefits as Plan F with a high deductible and plan G contains the same benefits as Plan G with a high deductible except for the deductible, therefore the experience should be pooled for rating purposes. You may vary the rate change percentage for Plan F and Plan F with a high deductible, or Plan G and Plan G with a high deductible based on benefit relativity, but you must demonstrate how you do this. If you have other reasons for varying the rate change percentage, explain in detail in the actuarial memorandum.

**b) How should you file if you are pooling 1990 plans with 2010 plans or any other combination of Medicare Supplement Plans?**

- a. WAC 284-58-030 requires issuers to submit separate filings for each type of insurance. In order to meet this requirement, you must at least file the rates separately for each type of insurance. However, when pooling, you only need to file one actuarial memorandum and the supporting documentation once. In the filing where only the rates are filed, put in the filing description indicating that the support for the rate increase is filed in a separate filing, and provide the SERFF tracking number of that filing. Also, where it requires an actuarial memorandum, provide a comment with the same information.

Example: You are filing rates for 1990 select plans, 2010 select plans, 1990 standardized plans and 2010 standardized plans in which you have pooled the experience to determine one overall rate increase, and you wish to withhold information from public inspection as allowed in RCW 48.02.120(3). You would submit five separate filings. The 1990 select, 2010 select and 1990 standardized plans would just have all the rates that are specific to the type of business filed. The general filing description and a comment where the actuarial memorandum is required would state "The justification for the rate is filed in the filing with SERFF Tracking Number ABCD-123456789". You do not need to put anything in the Corresponding Tracking Number field. There would be two filings submitted under the 2010 TOI - one proprietary filing and one public filing. The proprietary filing would be a complete filing. The public filing would contain everything but the information that you wish to and is allowed to be withheld from public inspection.

Note: You are allowed to use pooled information from multiple companies (affiliates), but this pooled experience must be filed separately for each company. You may not reference another company's filing.

- b. Please keep in mind that WAC 284-66-203(1)(e)(iv) allows an issuer to combine experience under policy forms that provide substantially similar coverage for credibility purposes and to meet the loss ratio requirements; however, once experience is combined, you may not separate the experience unless you have prior written approval.

**c) Are you meeting the minimum loss ratio requirements?**

- a. Minimum loss ratio requirements per [WAC 284-66-203]:
  - (1) 65% for individual policies and
  - (2) 75% for group.
- b. What must meet the minimum loss ratio requirements?
  - (1) The expected claims in relation to premiums when combined with actual experience to date.
  - (2) Anticipated loss ratios over the entire future period for which the revised rates are computed to provide coverage.
  - (3) If you have no credible experience in Washington or nationwide, we may only approve a trend increase. However, we may ask you to provide credible information to support your trend.

**d) What other information is helpful in reviewing your rates?**

- a. Please provide only **one** actuarial memorandum, completed, signed and dated. WAC 284-66-243(7)(a) requires that filings for future rate adjustments contain the actual loss ratios in comparison to the expected loss ratios stated in the initial rate filing on a calendar year basis by duration if applicable. Make sure that the exhibit including this information also contains the totals for each year and for all past years combined. If your experience does not meet the loss ratios you originally expected to meet, and you are filing for a rate increase, provide any changes in the original assumptions and how those changes affect the loss ratios. Please also state whether you have reserves, and if so, provide the amount of the reserves.  
Note: The loss ratio requirements are minimum requirements. A higher loss ratio may be appropriate per RCW 48.18.110(2) that benefits provided must be reasonable in relation to the premium charged.
- b. The [Medicare Supplement Filing Summary](#).
- c. Please provide a section in the actuarial memorandum that shows your current expenses as a percentage of premium. Make sure to include the amount for commissions if applicable. If any commission percentages have changed, please state how and when the commission percentage has changed.

**e) Do you clearly list all rate information on your rate sheet(s)?**

- a. In addition to the base rates, the following items must be provided on the rate sheet if applicable:
  - (1) Modal factors.
  - (2) Spousal discount.
    - (a) You must clearly state on the rate sheet whether the discount applies to both spouses or just one of the spouses.
    - (b) You must clearly state what happens to the spousal discount once a spouse's policy lapse. If the discount is handled differently when a spouse dies, this must be clear as

well.

- (c) The spousal discount is only allowed where both spouses have a Medicare Supplement policy with the same carrier.
- (3) Discounts for method of payment.
- (4) Rounding rules.
- b. If you provide a rate sheet for policyholders who were issued policies in the state of Washington but move out of the state, or who were issued policies in another state but moved to Washington, please do the following:
  - (1) Provide the rates on a rate sheet separate from policies issued to Washington residents who are still Washington residents.
  - (2) In the heading, make it clear who the rates apply to.
  - (3) Provide the following disclaimer: These rates do not need to be submitted for approval under RCW 48.66.045(3) because they are for [those who were issued plans in Washington State but moved out of the state], [and/or] [residents of Washington State who bought their Medicare Supplement plan while they were a resident in another state].

**f) Is the proprietary filing complete?**

- a. If you wish to withhold information from public inspection pursuant to RCW 48.02.120(3), you must file separate public and not-for-public (aka proprietary) filings as instructed in the Washington State SERFF Life, Health and Disability Rate Filing General Instructions.
- b. The proprietary filing should be a complete filing.
- v) Include a separate document in both the public and proprietary filings, listing data withheld. This list needs to identify each piece of information withheld by description and location in the filing and explain how the documents and exhibits contain actuarial formulas, statistics, and assumptions that are in support of the rate filing and contain trade secrets.
- c. If one single page includes both public information and proprietary information, only the proprietary information in the particular page can be redacted.

### **3) Standardized Medicare Supplement New Plan Rate Filings**

**a) Do you have all the information required by WAC 284-66-243(7)?**

- a. One actuarial memorandum completed, signed and dated by a qualified actuary.
- b. Anticipated loss ratios stated on a calendar year basis by duration for the period for which the policy is rated.
- c. Anticipated total termination rates on a calendar year basis by duration for the period for which the policy is rated.
- d. Expense assumptions including fixed and percentage expenses for acquisition and maintenance costs.

- e. For plans that are marketed by producers:
  - (1) Schedule of total compensation payable to insurance producers as a percentage of premium.
  - (2) A complete specimen copy of the compensation agreements or contracts between any insurance producers or others whose compensation is based in whole or in part on the sale of Medicare Supplement insurance policies. Make sure that the agreement demonstrates compliance with WAC 284-66-350.

**b) Are your rates in compliance with RCW 48.66.045(3)?**

- a. Premiums must be equal for all policyholders and certificate holders under a standardized Medicare Supplement plan form, except that you may vary rates based on spousal discounts, frequency of payment, and method of payment including automatic deposit of premiums. Though the law also allows you to vary rates based on whether you are eligible because of age or disability, WAC 284-66-243(3)(b)(iv) requires them to be filed with separate form numbers.

**c) Do the premiums make sense for the new plan when taking into account the premiums for other Medicare Supplement plans you propose to offer or Medicare Supplement plans that are already approved?**

- a. A plan with more benefits should not cost less than a plan with less benefits for the same type of policy.
- b. It is helpful if you provide a table that shows the benefit relativity for each plan in the pool.
- c. RCW 48.66.045 provides mandated coverage for replacement policies. Since all Medicare Supplement plans cover similar benefits, to develop the rates, we encourage issuers to use the claim costs for all the benefits in the pool and adjust for the different plans based on the specific covered benefits and expenses.

**d) What other information is helpful in reviewing your new rate filing?**

- a. The [Medicare Supplement Filing Summary](#).

**e) Do you clearly list all rate information on your rate sheet(s)?**

- a. In addition to the base rates, the following items must be provided on the rate sheet if applicable:
  - (1) Modal factors.
  - (2) Spousal discount.
    - (a) You must clearly state on the rate sheet whether the discount applies to both spouses or just one of the spouses.
    - (b) You must clearly state what happens to the spousal discount once a spouse's policy lapse. If the discount is handled differently when a spouse dies, this must be clear as well.

- (c) The spousal discount is only allowed where both spouses have a Medicare Supplement policy with the same carrier.
- (3) Discounts for method of payment.
- (4) Rounding rules.

**f) Is the proprietary filing complete?**

- a. If you wish to withhold information from public inspection pursuant to RCW 48.02.120(3), you must file separate public and not-for-public (aka proprietary) filings as instructed in the Washington State SERFF Life, Health and Disability Rate Filing General Instructions.
- b. The proprietary filing should be a complete filing.
- vi) Include a separate document in both the public and proprietary filings, listing all data withheld. This list needs to identify each piece of information withheld by description and location in the filing and explain how the documents and exhibits contain actuarial formulas, statistics, and assumptions that are in support of the rate filing and contain trade secrets.
- c. If one single page includes both public information and proprietary information, only the proprietary information in the particular page can be redacted.

**4) Are you responding to a SERFF Objection Letter?**

- a. Unless instructed otherwise, all attachments to Responses must be in PDF format.
- b. When responding to an Objection Letter, you must amend filing to respond to an objection. You must answer each objection individually with the appropriate revised document.