

EXISTING ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis

Repeal Modification

2. Administrative Rule Chapter, Title and Number

Ch Ins 3 Casualty Insurance s. Ins 3.39 and 3.55

3. Date Rule promulgated and/or revised; Date of most recent Evaluation

Ins 3.39 - May 2010 Ins 3.55 November 2008

4. Plain Language Analysis of the Rule, its Impact on the Policy Problem that Justified its Creation and Changes in Technology, Economic Conditions or Other Factors Since Promulgation that alter the need for or effectiveness of the Rule.

Wisconsin is a waived state regarding the regulation of Medicare supplemental products meaning that the state is waived from implementing the standardized Medicare supplement Plans A to N, and instead uses standardized supplemental benefits with seven benefit riders. This is advantageous to both the insurer and the consumers as this system permits consumers to compare products on an equal basis to determine the best product to meet their insurance needs. Insurers are able to rely upon a consistent regulatory scheme that is stable with few changes since 1990. The federal government incorporated the National Association of Insurance Commissioners Medicare supplement model act within the federal regulations following passage of the Medicare Access and CHIP Reauthorization Act of 2015 that requires Medicare supplemental policies issued to individuals that are first eligible for Medicare benefits on or after January 1, 2020, not contain the option to purchase a Part B deductible rider. This change does not affect those who already have the Part B deductible rider as those plans are guaranteed renewable for life.

The remainder of the proposed rule; updates terminology, creates consistency in numbering and references, and updates and simplifies the appendices to the rule. However, as noted previously, since Medicare supplement and Medicare select plans are guaranteed renewable for life, the OCI cannot repeal original or previous federal law changes as individuals may still have existing policies regulated under this section. Instead the OCI in this draft adopts a parallel citation approach for ease of navigation. By promulgating this rule the state will be able to retain regulatory jurisdiction over these products.

5. Describe the Rule's Enforcement Provisions and Mechanisms

The rule interprets ss. 185.983 (1m), 600.03, 601.01 (2), 609.01 (1g) (b), 625.16, 628.34 (12), 628.38, 631.20 (2), 632.73 (2m), 632.76 (2) (b) and 632.81, 632.84, 632.895 (2), (3), (4), and (6), Wis. Stats., that are enforced under s. 601.41 (4) and 601.64, Wis. Stats.

6. Repealing or Modifying the Rule Will Impact the Following
(Check All That Apply)

State's Economy

Local Government Units

Specific Businesses/Sectors

Public Utility Rate Payers

Small Businesses

7. Summary of the Impacts, including Compliance Costs, identifying any Unnecessary Burdens the Rule places on the ability of Small Business to conduct their Affairs.

Insurers offering Medicare supplemental products will need to file new policy forms, advertising and rates with the OCI, and consumers will pay the Part B medical deductible directly rather than pay premium for use of the deductible rider. The difference in cost to the consumer will be negligible as the premium for the rider closely parallels the amount of the Part B medical deductible. The advantage of the Part B deductible rider was the ability to distribute the deductible evenly over 12-months rather than pay the deductible as incurred.

8. List of Small Businesses, Organizations and Members of the Public that commented on the Rule and its Enforcement and a Summary of their Comments.

The request for comment on the proposed rule was sent to 50 organizations and individuals. Additionally the OCI posted the Request for Comment on its public website. The OCI received four comments on the rule from the following organizations and an individual: America's Health Insurance Plans Association, Attorney William Schiffbauer, Wisconsin Association of Health Plans, and UnitedHealth Group. All comments were similar and identified that the rule

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draft was more restrictive than the federal requirement regarding the ability of persons eligible for Medicare prior to 2020 to obtain the Part B medical deductible rider after January 1, 2020, as the benefits consumers may elect are tied to the date of their initial eligibility not the date they seek coverage through a supplemental product. The OCI has revised the rule to fully address this concern.

9. Did the Agency consider any of the following Rule Modifications to reduce the Impact of the Rule on Small Businesses in lieu of repeal?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe: The rules change minimum necessary to retain regulatory jurisdiction over Medicare supplement products.

10. Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

11. Chapter 20, Stats. Appropriations Affected

None

12. Fiscal Effect of Repealing or Modifying the Rule

- No Fiscal Effect Increase Existing Revenues Increase Costs
 Indeterminate Decrease Existing Revenues Could Absorb Within Agency's Budget
 Decrease Cost

13. Summary of Costs and Benefits of Repealing or Modifying the Rule

The proposed rule will not significantly impact the private sector. Insurers offering Medicare supplement policies (Medicare supplement, Medicare cost, and Medicare select policies) may incur costs associated with developing new Medicare supplement policies and marketing materials, mailing riders and explanatory materials to existing policyholders. However, these costs are offset by the insurers' ability to continue offering Medicare supplement policies to Wisconsin consumers. Further, removing the Part B medical deductible rider as an optional purchase will not adversely impact consumers, agents or insurers since the typical premium for Part B medical deductible rider closely approximates the actual deductible amount that for 2019 will be \$185.00.

14. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No

15. Long Range Implications of Repealing or Modifying the Rule

Wisconsin will retain the ability to regulate the Medicare supplement market and provide consumer protection.

16. Compare With Approaches Being Used by Federal Government

Wisconsin is a waived state regarding the regulation of Medicare supplemental products. This rule will bring Wisconsin into compliance with federal requirements that will be implemented beginning January 1, 2020, for Medicare supplemental products. Wisconsin's Medicare supplement product structure is comprised of a base insurance product with seven riders. This is advantageous to both the insurer and the consumers as this system permits consumers to compare products on an equal basis to determine the best product to meet their insurance needs. Insurers are able to rely upon a consistent regulatory scheme that is stable with few changes since 1990.

17. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

All states are required to comply with the federal changes to Medicare supplement. The main difference for Wisconsin as compared to neighboring states is how Wisconsin has historically structured the supplemental products sold to Wisconsin consumers using a base product with riders.

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