

MedAmerica Insurance Company & Blue Cross of Northeastern Pennsylvania
April 25, 2020

SERFF #s: MILL-132217744, MILL-132021942, MILL-132019032, and MILL-132021720

Filing Summary:

MedAmerica Life Insurance Company and Blue Cross of Northeastern Pennsylvania (BCNEPA) requested approval to increase the premium on a block of 366 individual and group Long Term Care policy forms.

The BCNEPA products were designed and priced by MedAmerica which is an affinity partner to Blue Cross Blue Shield of Northeastern Pennsylvania. The products were issued on BCNEPA paper, while MedAmerica administers and manages the block, including underwriting and claims handling. MedAmerica has 100% of the risk on these products via a reinsurance arrangement with BCNEPA.

The following forms are affected: NTQ11-337-MA-PA-601, NTQ11-337-MA-PA-998, LTQ11-336-MA-PA-601, LTQ11-336-MA-PA-998, FLQ11-336-MA-PA-601, HTQ11-338-MA-PA-601, HTQ11-338-MA-PA-998, LTC-LBP-2PA, LTC-LBP8-MA-PA, LTC-CD5-2PA, LTC-CD8-MA-PA, LTC-CD9-MA-PA, NTQ11-337-PA-998, LTQ11-336-PA-998, FLQ11-336-PA-998, HTQ11-338-PA-998, GRP11-342-MA-PA-601, and GRP11-342-PA-1100.

MedAmerica requested a 22.1% increase on policies with non-lifetime benefits and 131.2% on policies with lifetime benefits.

For policies issued prior to 9/16/2002, the Department approved an increase of 10%.
For policies issued on or after 9/16/2002, the Department approved an increase of 20%.

Effective date of rate change: Renewals on and after 4/25/2020.

The current policies in place are not generating sufficient premium to pay future claims to policyholders. This is a common problem for a number of insurers nationwide because policyholders are keeping their policies longer than expected and are living longer than projected. As a result, policyholders are using more benefits on average than the company anticipated when the policies were originally sold. This means the company has to pay out more for benefits than it originally projected.

In making this decision, the Department considered the projected loss ratio for each block of policy forms, that is, the projected total amount of benefits paid out versus the total amount of premium collected, the reasonableness of the assumptions the company used in its projections, and the company's financial situation. The Department also considered the financial impact this rate increase would pose to consumers, the past rate increases policyholders have faced, and the availability of options to limit the rate increase by reducing benefits.

The company is offering ways for policyholders to limit the rate increase by reducing benefits. The company will let you know your options when they contact you directly about this premium increase.

This Rate Filing Decision Summary is a tool to help explain the rate filing and does not describe all the factors considered as part of the Department's rate review.