

MedAmerica Insurance Company, Highmark Blue Cross, Highmark Blue Cross Blue Shield
Dec 5, 2018

SERFF #s: MILL-131537122, MILL-131545009, & MILL-131545017

Filing Summary:

MedAmerica Life Insurance Company is requesting approval to increase the premium on 3 blocks of Long Term Care policy forms. MedAmerica is an affinity partner with Highmark Blue Cross and Highmark Blue Shield.

The company requested an average 46.9% increase on 282 PA policyholders of MedAmerica forms SPL-336 and FSPL-336. The company also requested an average 54.2% increase on 389 PA policyholders of Highmark Blue Cross Blue Shield forms SPL-336-HMBCBSPA and FSPL-336-HMBCBSPA. Additionally, the company also requested an average 52.0% increase on 361 PA policyholders of Highmark Blue Shield forms SPL-336-HMBSPA and FSPL-336-HMBSPA.

The Department approved a capped 20% increase on all forms. In other words, policyholders that were scheduled to receive increases from 0% to 20% can receive their full increase but those scheduled to receive increases greater than 20% are limited to a maximum increase of 20%.

Effective date of rate change: Renewals on and after 12/5/2018.

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 may be 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.