

Commissioner Glen Mulready, Co-Chair
Melinda Domzalski-Hansen, Co-Chair
Accident and Sickness Insurance Minimum Standards (B) Subgroup
National Association of Insurance Commissioners
444 North Capitol Street, NW, Suite 700
Washington, DC 20001

Via e-mail: jmatthews@naic.org

Dear Co-Chairs Mulready and Domzalski-Hansen:

On behalf of the American Council of Life Insurers (ACLI), we offer the following comments on the NAIC Accident and Sickness Insurance Minimum Standards (B) Subgroup (Subgroup) regarding the review and revision of NAIC Model 171, the *Model Regulation to Implement the Supplementary and Short-Term Health Insurance Minimum Standards Model Act*.

ACLI's members provide dental and vision coverage as well as fixed indemnity supplemental benefits that provide financial security in the event of illness or injury for millions of working Americans and their families. We are committed to affordable and valuable products that enable consumers to have access to quality dental and vision care and to address the financial impact of accidents and illness beyond their medical expense coverage. Additionally, our members are committed to ensuring that consumers understand that these products provide important financial protection and are not an alternative to major medical coverage.

The Principles for Review and Revision of Model 171 Should be Followed

ACLI supports the following principles, discussed during the Subgroup's organizational call on June 17, 2019, to guide the Subgroup's process to review and revise Model 171:

- The revision of Model 171 should not reopen or relitigate issues already decided during the Model 170 revision.
- The Subgroup should acknowledge that Model 171 comprises *minimum* standards.
- The Subgroup should not include details or topics purposely excluded in Model 170.
- Supplemental health insurance markets, governed by Model 171, are well established and function well and consumer access to and choice of those products and the associated benefits should not be disrupted by new requirements or changes that are unnecessarily disruptive.

These principles will ensure that the Subgroup and the NAIC's reasoning for revising Model 171, but also will ensure an efficient revision process of these model regulations.

Short-Term Limited Duration Insurance (STLDI) Standards Should be Differentiated

Supplemental policies that provide fixed indemnity benefits are structurally different than STLDI plans, both legally and in their purpose, and should therefore be regulated separately. As excepted benefits under HIPAA, fixed indemnity plans are excluded from federal regulation, so the states stand as the exclusive regulator of these products. Fixed indemnity plans provide consumers with first dollar coverage which can be used to supplement costs not covered under other plans. These plans are not subject to coordination of benefit laws meaning consumers will receive coverage regardless of other plan responsibilities. Current definitions in Model 170 properly recognize this distinction. STLDI is not a HIPAA-excepted benefit and the Subgroup should maintain the clear distinction existing in Model 170. ACLI strongly urges the Subgroup to incorporate applicable standards for STLDI as a separate and distinct section from the other coverages governed under the Model.

Standards for Group and Individual Coverage Should be Appropriately Distinguished

Group and individual insurance coverages are marketed, sold, and administered differently. Standards regulating certain aspects of insurance policies or insurer practices must recognize such differences. For instance, minimum standards must accommodate the practical differences of communicating with insureds under group and individual coverage.

Adequate Consumer Disclosure Applicable to Each Product Type is Necessary

ACLI supports disclosure as a vital consumer protection and encourages the Subgroup to maintain flexibility to ensure that consumers have the necessary information to make appropriate coverage decisions. ACLI looks forward to working with the Subgroup to modernize disclosures and the delivery of the information needed for fully informed decisions.

ACLI appreciates the opportunity to comment on the pending revisions of Model 171. Please reach out with any questions or to discuss any aspect of ACLI's comments to Chuck Piacentini at 202-624-2041 or chuckpiacentini@acli.com.

Sincerely,



Charles P Piacentini, Jr.
Vice President, Insurance Regulation &
Associate General Counsel