State of Vermont
Department of Financial Regulation

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To: Co-Chairs of the Accident and Sickness Insurance Minimum Standards (B) Subgroup, subgroup members, and Ms. Jolie Matthews,

From: State of Vermont Department of Financial Regulation, Insurance Division

Date: 1/23/20

Re: Comments on Sections Six and Seven of the Supplementary Insurance Minimum Standards Regulation MOV-171

Dear Melinda Domzalski-Hansen, Commissioner Glen Mulready, and members of the Accident and Sickness Insurance Minimum Standards (B) Subgroup,

We appreciate the opportunity to comment on the first four sections of the model accident and sickness minimum standards regulation (MOV-171), as well as the time and effort the working group has put forth thus far.

1) Section 6 (A):

The Department requests whether any members know of how these specific conditions came to be named in the regulation: hernia, disorder of reproductive organs, varicose veins, adenoids, appendix and tonsils.

2) Section 6 (A):

The Department sees two alternate readings of this section and asks the group if there is insight into the intention at drafting:

A. Except as provided in Section 5K, a policy shall not contain provisions establishing a probationary or waiting period during which no coverage is provided under the policy, subject to the further exception that a policy may specify a probationary or waiting period not to exceed six (6) months for
    1. Specified diseases;
    2. Conditions and losses resulting from disease; and
    3. condition related to hernia, disorder of reproduction organs, varicose veins, adenoids, appendix and tonsils.

OR, alternately:

    A. Except as provided in Section 5K, a policy shall not contain provisions establishing a probationary or waiting period during which no coverage is provided under the policy, subject to the further exception that a policy may specify a probationary or waiting period not to exceed six (6) months for specified diseases or conditions and losses resulting from disease or conditions related to:
        1. hernia,
        2. disorder of reproduction organs,
        3. varicose veins,
        4. adenoids,
        5. appendix and tonsils.

The Department seeks to hear other states' take on whether this language establishes a 6-month waiting period for specified diseases in general, or only those listed (e.g. hernia... tonsils.)

3) Section 6 (B) (1)

Do working group members know of participating supplemental health insurance products that offer dividends?

4) Section 6 (F) (2)

Vermont suggests adding the drafting note under (2) that states: "This provision is optional, and the desirability of its use should be reviewed by the individual states."

5) Section 7 (A)

In Vermont's regulation 80-1, Accident and Sickness Minimum Standards, these renewability provisions are tied to loss ratios. That is a part of the rule that constrains rates for these products. Do other states have loss ratios in versions of rules based on this model?

6) Section 7 (A) (3)

Replace "husband and wife" with "married couple or civil union couple".

7) Section 7 (A) (8)

Replace "mental retardation" with "intellectual disability".

5) Section 7 (A) (11)

Vermont poses a hypothetical situation for discussion: An AD&D policyholder is in a car accident and is seriously injured. The injuries require inpatient care, and on the 91st day of care, the policyholder dies as a result of injuries sustained in the car accident.

Is it fair that the policyholder loses the right to access the death benefit the policy based on an arbitrary number of days? A different consideration is whether the injuries are directly caused by a covered accident and whether the policy is still in force on the date of death.

If there are any questions regarding this submission, please do not hesitate to be in touch.

Sincerely,

Anna Van Fleet

Assistant Director, Rates & Forms, Life & Health

Vermont Department of Financial Regulation