

MINUTES OF THE House COMMITTEE ON InsuranceThe meeting was called to order by Rep. Rex B. Hoy at
Chairperson8:00 a.m./~~p.m.~~ on Thursday, March 7, 1985 in room 527-S of the Capitol.

All members were present except:

Reps. Gjerstad and Turnquist - Excused

Committee staff present:

Melinda Hanson - Legislative Research
Emalene Correll - Legislative Research
Gordon Self - Revisor's Office

Conferees appearing before the committee:

Sylvia Hoagland - Department of Aging
Guy Gibson - Kansas Assn. of Retired Persons
Hattie Norman - Member-State Advisory Council on Aging
Mary Jane Hamilton - Community Resources Council on Aging
Dick Brock - Insurance Dept.
Walter Whalen - Pyramid Life Association
Jack Roberts - Blue Cross-Blue Shield

HB 2169 - Sylvia Hoagland spoke in support of HB 2169 saying the risk is already equitably distributed throughout a limited group since most of the Medicap policies (those filling in what Medicare doesn't cover) cover a limited group. Most of the subscribers (80%) are not currently age rated, although companies do age rate. If massive age rating is allowed, a shift will occur that would lead to higher costs to the oldest and poorest people. (Attachment I)

Mr. Guy Gibson also spoke in favor of the bill, and expressed concern that sub-groups of the elderly be treated equitably. (Attachment II)

Hattie Norman, member of the State Advisory Council on Aging, spoke in favor of HB 2169 and expressed concern about the ability of older persons to pay higher premiums. (Attachment III)

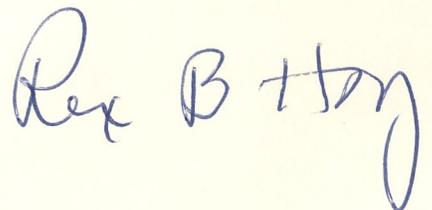
Mary Jane Hamilton spoke in favor of the bill, saying it would help protect older Kansans who pay for their own insurance. (Attachment IV)

Dick Brock distributed "Shopper's Guide", which includes data showing age rating, and said the Insurance Dept. does not currently have the authority to prohibit age rating. He further stated the Department has no formal position on the bill, but they want legislative direction because of the concern expressed by large numbers of the elderly and the Dept. on Aging. Mr. Brock responded to a number of questions by Committee members. He drew attention to language in the bill covering policies already in effect. The bill would apply only to new policies written.- (Attachment V)

Mr. Walter Whalen spoke in opposition to the bill, saying he feels it is unnecessary. He said the bill would "ask the elderly to subsidize the ancient", and that would be unjust. He further states he thought the bill might lead to self-insurance and eventually to the use of state funds to pay for some of the costs now borne by insurance.

Mr. Jack Roberts said 160,000 subscribers are on Plan 65, and that they can join during open season without restrictions. He said Blue Cross-Blue Shield is not age rated and have not yet decided whether to age rate, but if they do, the effects would be those shown on the chart distributed to members of the Committee. (Attachment VI)

Meeting adjourned at 9 AM.



ATTENDANCE
3/7/85

8:00 AM
INS. MEET.
(527-S)

<u>Name</u>	<u>Organization</u>
Lee WRIGHT	FARMERS INS Group
Dick Scott	State Farm Ins
Walt Whalen	Pyramid Life Ins Co
JACK ROBERTS	BC-BJ
Keith Hawkins	Pyramid Life Ins. Co.
L.M. Cornish	Ks. State Ins Co.
Dick Brock	Ins Dept
LARRY MAGILL	IIAK
SYLVIA HOUGLAND	Ks. Dept. on Aging
Werner Glick	KECH
Mark Bennett	WJG
Ann Wilson	A.A.E.P.
Mary Jane Hamblen	
Sue Ellen Weber	KDOA
Nathi Norman	KAC
Viv Johnson	
Glenn D. Cogswell	Alliance of Am. Ins.
Jerry Bonaka	Form Bureau Insurance

3-7-85 11M.

HB-2169
Prohibition of Age Rating for
Medicare Supplemental Policies
March 7, 1985

Aylwia

Bill Summary: Amends K.S.A. 40-2221 to prohibit age rating of Medicare (Medigap) Supplemental Insurance Policies.

Bill Provisions:

Prohibits age rating of Medicare Supplemental Policies by

- Non-Profit Insurance Companies
- Insurance Companies
- HMO's
- Hospital Service Corporations

Excludes those policies where a contractual provision guarantees renewal at initial entry (age) rate.

Only applies to Medigap insurance policies as defined in law.

Testimony:

HB-2169 prohibits age rating of Medigap insurance policies. Currently the majority of Medicare insurance policies are not age rated in Kansas.

HB-2169 disallows age rating of Medigap or Medicare supplement policies which are defined in K.S.A. 40-2221 and in federal law. Medigap supplement policies, such as Plan 65, are specifically defined policies to supplement Medicare and to fill in the gaps. They are primarily for people 65+ who are eligible for Medicare. The Insurance Commissioner may adopt regulations and rules establishing specific standards as long as they do not exceed standards established under federal law.

Since Medicare supplement policies are primarily for persons over age 65, KDOA believes a legitimate age group currently exists. Further age rating creates narrow and artificial age categories diluting the shared risk feature applied to other group health insurance plans, e.g., employer policies. Narrow age groups will substantially increase the insurance premiums for the majority of older people, plus will work the greatest hardships on those least able to pay.

Unlike employer policies, these insurance policies are 2nd-dollar payors. Generally, they cover the \$400 Part A deductible (hospital insurance) and co-insurance from the 61st day onward. Under Part B Medicare pays 80% of reasonable charges after a \$75 deductible.

Attachment I

3-7-85

KDOA believes that Medicare supplement policies, because of who they serve, are like group health insurance plans for persons over age 65. As such, they have a defined age group and encompass the concept of shared risk among group members. Since there are over 316,000 Kansans over age 65, this is a broad risk-sharing group. Pooling the insurance risk does not create a harsh burden on Older Kansans, as does the concept of age rating of these policies.

The majority of Medigap supplement policies are currently not age-rated. Between Blue Cross/Blue Shield of Kansas, Blue Cross/Blue Shield of Kansas City, and the American Association of Retired Persons, 182,400 people are currently not paying age-rated premiums. The potential pool is 221,200 persons 65+. This is based on national data that 70% of all 65+ people have some type of Medicare supplement insurance. Thus 83% of Older Kansans do not pay age-rated premiums. (See Chart A.) The impact will be horrendous if age rating is allowed.

In my comparisons of insurance companies listed in the Insurance Commissioner's Guide, I compared the companies who age rated with the Blues of Kansas who did not. Of all the companies who were listed, only 9 had lower premiums in the age rated categories. Of those, 8 did not provide the same benefits under Part B; and only 2 of those with lesser benefits were cheaper for Older Kansans over age 70.

The point I'm making is that shared risk in Medicare health insurance gives generally cheaper prices for the majority of older people. It is also no risk for the company. Included below is a comparison of companies from the Insurance Commissioner's "Shopper's Guide."

	<u>Part A</u>	<u>Part B</u>	<u>20% Co-Insurance</u>
Blue Cross/Blue Shield \$464.76	Yes	Yes	Yes
Banker's Life 65 - \$461.78 66 - \$466.80	Yes	No	Yes
New York Life 65-69 - \$440 70-74 - \$511.50	Yes	No	Yes
Physicians Mutual 65-69 - \$449.78 70-79 - \$568.03	Yes	20% of initial deductible.	Yes
American Standard 65-69 - \$567 70-74 - \$629 75-79 - \$689 80-84 - \$758 85-89 - \$862	Yes	Yes	Yes

The average longevity for a Kansas woman is 21 years after age 65; for a man 15 years. For four years, from age 65-69, he will pay less and for 10 years he will pay more. Although on the surface it seems many elderly will benefit from age rating, more careful analysis shows that they will not. 43% of all elderly are age 75+; 69% are 70+; and only 31% are between the ages of 65-69 of a total pool of 316,000 65+ in Kansas. (See attached.)

It is not uncommon for companies that age rate to have a differential of 50% between the youngest age group and their oldest. In one instance, the differential exceeds 70%. Who will be able to foot the bill at age 80 or 85+ if all companies age rate? Only the taxpayer, through Medicaid.

Medicare supplement policies, in essence, are group health insurance plans for persons over 65. As such they should continue to encompass the concept of shared risk among members of the group. The elimination of shared risk causes enormous increases for those least able to bear the cost. If the major Medicare supplemental insurance goes to age rating, older people will be hurt.

BLUE CROSS/BLUE SHIELD - KANSAS CITY, MISSOURI

\$49.80 per month prior to change (Full Medigap Policy)

<u>Age Group</u>	<u>Men</u>	<u>Women</u>
65	\$39.87	\$35.26
66-69	42.75	37.80
70-74	50.12	44.32
75-79	56.58	50.03
80+	62.71	55.45

Kansas' monthly rate was \$45.56 per month.

CHART A

Blue Cross-Blue Shield of Kansas 152,400 subscribers	69% of market *
Blue Cross-Blue Shield of Kansas City (Provides coverage in Johnson and Wyandotte counties) 13,000 subscribers	6% of market *
American Association of Retired Persons 17,000 subscribers	8% of market *

*Based on 70% of total 65+ population.

HOUSE COMMITTEE ON INSURANCE

TESTIMONY ON H.B. 2169

BY GUY GIBSON

There are several medical expenses that are not paid for by Medicare. Among the most common are: routine physical checkups; most prescription drugs; hearing tests and hearing aids; eye exams and eye glasses; most dental care, including dentures; and private duty nursing care. Because Medicare does not cover these services many of the 30 million Older Americans who have Medicare coverage add to that with Medicare-supplemental insurance. These so-called "Medigap" policies are available from many insurance firms, from non-profit Blue Cross/Blue Shield plans, and from other groups such as the American Association of Retired Persons.

I understand that some of these Medigap policies have a single premium for all ages; that is how it should be. Other policies charge older buyers more than younger ones and still other policies automatically increase your premium as you get older.

H.B. 2169 would prohibit the age-rating of Medicare supplemental insurance policies which can be sold in the state. This legislation is surely needed if all subgroups of the elderly are to be treated equitably. There are many things that cause us to worry as we grow older; one of them should not be having to pay higher insurance premiums because of our advancing age.

Attachment II

TESTIMONY TO HOUSE COMMITTEE ON INSURANCE

H.B. 2169

BY HATTIE NORMAN, MEMBER, STATE ADVISORY COUNCIL ON AGING

My name is Hattie Norman, and I am representing the State Advisory Council on Aging. The State Advisory Council is made up of 19 members from every region in the state. The Council is strongly concerned with health care costs and the increases in health insurance. The State Advisory Council strongly supports this bill which does not increase the premiums for the oldest and sickest of elderly people.

Although I am relatively young, many of the friends and neighbors and participants that I deal with in East Topeka are not. As I grow older, I will have less funds to help get me through and to buy the necessities such as shelter, food, and clothing. I have less money now than I had when I was 64. If you allow insurance rates to go up, the older we get, when we are older we will not be able to afford it and many of us will need public assistance.

The State Advisory Council believes the Legislature either needs to pass this bill or needs to insist the Insurance Commissioner deny these kinds of rates.

Attachment III

TESTIMONY ON H.B. 2169
TO HOUSE COMMITTEE ON INSURANCE
BY MARY JANE HAMILTON
MARCH 7, 1985

My name is Mary Jane Hamilton. I am a member of the Topeka Community Resources Council on Aging, the Kansas Citizens' Council on Aging, and I am a Kansas Silver Haired Legislator. I speak to you as a former social worker who worked for 10 years with elderly Kansans.

H.B. 2169 concerns protection of older persons who pay their own insurance. Older Kansans deserve the protection that H.B. 2169 would guarantee. The costs for health care are, as you know, dramatically increasing. On the average, per capita expenditures for health care for a person 65 years or older in 1984 have been estimated at \$4,200. Medicare paid only 49 percent of the total bill, and insurance paid about 7.5 percent. The elderly directly paid for 25 percent of the costs for their health care.

On the average, the older you are the less money you have, and the more likely you are to be in need of health care. Age-rating of insurance policies means that there are different premiums that increase by age. Therefore, someone who is 80 would pay more than someone who is 70. Unfortunately this means that the oldest of the old, the least healthy and the least wealthy, are paying more for their health insurance. That is not right.

I encourage this Committee to favorably pass H.B. 2169.

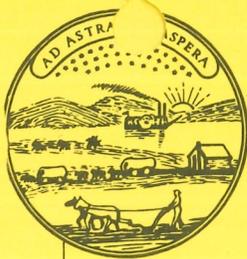
Kansas **MEDICARE SUPPLEMENT INSURANCE Shopper's Guide**



FLETCHER BELL

COMMISSIONER OF INSURANCE

Attachment V



From The Desk of

FLETCHER BELL

COMMISSIONER OF INSURANCE

Dear Senior Citizen:

This Shopper's Guide has been prepared to help you understand the basic benefits of Medicare and the major "gaps" in Medicare which you may want to cover under a Medicare Supplement policy. No Medicare Supplement policy fills all the gaps in Medicare. Choose one which fills the gaps most important to you.

If you need additional help or advice on Medicare benefits or eligibility, contact the Medicare carrier or any Social Security Office. Specific questions on a policy you have bought or you are considering buying may be directed to your insurance agent, the company or my office. Although detailed problems or inquiries may need to be handled by correspondence, I wish to call your attention to our Consumer Hot Line which will enable you to call my Consumer Assistance Division from anywhere in Kansas Toll Free (Dial 1-800-432-2484).

The Medicare information in this Guide is for 1984. It may change from year to year. For a more detailed and current explanation of Medicare and its benefits, please ask your local Social Security/Health Care Financing Administration office for a free copy of Your Medicare Handbook.

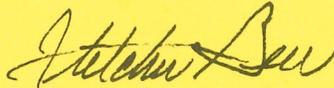
This Guide compares the prices and coverages of Medicare Supplement policies offered by licensed companies selling approved coverage in Kansas as of February 1, 1984. BE AWARE THAT THE PREMIUMS CITED MAY INCREASE WHENEVER

MEDICARE'S DEDUCTIBLES AND COINSURANCE AMOUNTS INCREASE. THIS LIST IS NOT ALL INCLUSIVE. There may be other companies in Kansas writing insurance coverage designed to supplement Medicare presently and in the future.

There are some Medicare Supplement policies available to Kansas residents who are members of certain organizations such as the American Association of Retired Persons (AARP). These policies are not subject to regulation by the Kansas Insurance Department and are, therefore, not included in this Guide.

When purchasing Medicare Supplement insurance or replacing other health insurance coverage, I caution you to pay particular attention to the pre-existing condition feature of the policy. This actually means that conditions or illnesses originating prior to the issuance of the policy are not covered until after the expiration of the period of time set forth in the policy under the provision captioned, "Time Limit on Certain Defenses".

I urge you to take advantage of the services of your Insurance Department if you have any questions regarding your insurance coverage.



Fletcher Bell
Commissioner of Insurance

CONTENTS

	Page
TIPS ON HEALTH INSURANCE	5
DEFINITIONS	6
REQUIRED MINIMUM BENEFIT STANDARDS FOR MEDICARE SUPPLEMENT POLICIES ISSUED IN KANSAS	8
MEDICARE SUPPLEMENT POLICIES	10
USEFUL QUESTIONS AND ANSWERS	28
OTHER BROCHURES AVAILABLE	31
WHERE AND HOW TO FILE AN INQUIRY	32

TIPS ON HEALTH INSURANCE

1. Do not buy more policies than you need.
2. Check for pre-existing condition exclusions and waiting periods.
3. Be careful about replacing existing coverage.
4. Be aware of maximum benefits.
5. Check your right to renew a policy.
6. Beware of the government look.
7. When purchasing a policy, take your time.
8. Beware of scare tactics.
9. Do not withhold medical information on the application for insurance.
10. Get a written outline of coverage.
11. Do not pay cash.
12. Be aware of the "free look" provision.

DEFINITIONS

ASSIGNMENT. The transfer by the policyholder of some or all of his/her rights under a policy to another party. As it relates to Medicare, it is a means whereby the provider of services sends the claim to Medicare and agrees to accept the payment of benefits directly from Medicare. In doing so, he agrees to accept Medicare's allowance as his payment for any covered services. The policyholder would then be responsible for any unmet deductible applied to the charge, for the coinsurance and for any services that were not covered.

COINSURANCE. A provision in a health insurance contract whereby the insurer and insured share, in a specific ratio, the covered losses under a policy. For example, the insurer may reimburse the insured for 80 percent of covered expenses, with the insured paying the remaining 20 percent of such expenses.

DEDUCTIBLE. The amount of covered expenses which must be incurred and paid by the insured before benefits become payable by the insurer.

EFFECTIVE DATE. The date on which insurance coverage goes into effect (not always the same as the date the application is completed).

ELIMINATION PERIOD OR WAITING PERIOD. A specified number of days during which no benefits are paid. The elimination period may be as short as a few days or as long as one year or more.

EVIDENCE OF INSURABILITY. Any statement or proof of a person's physical condition and/or other factual information affecting the acceptability for insurance.

EXCLUSIONS OR EXCEPTIONS. Specified conditions or circumstances not covered by the policy.

LAPSE. Termination of a policy due to failure by the policyholder to pay the premium within the time required.

PRE-EXISTING CONDITION. In other than Medicare Supplement policies, a physical condition that existed prior to the effective date of coverage. In Medicare Supplement policies, a physical condition for which medical advice was given or treatment was recommended or received from a doctor within 6 months before the effective date of coverage.

RESCISSION. Termination of an insurance contract by the company on the grounds of material misstatement on the application for insurance. The action of rescission must take place within the contestable period set forth by the Time Limit on Certain Defenses Provision.

TIME LIMIT ON CERTAIN DEFENSES. Generally a two year time period in health policies after which the insurer cannot deny a claim or void the policy because of pre-existing conditions (6 months for Medicare Supplement policies) or misstatements on the application.

REQUIRED MINIMUM BENEFITS STANDARDS FOR
 MEDICARE SUPPLEMENT POLICIES
 ISSUED IN KANSAS

SERVICE	BENEFIT PERIOD	MEDICARE PAYS IN 1984	ALL MEDICARE SUPPLEMENT POLICIES PAY AT LEAST
HOSPITALIZATION (Part A) Includes: Semi-private room & Board Miscellaneous hospital services & supplies, such as: Meals & drugs special care units Diagnostic x-rays Lab tests Operating & recovery rooms	FIRST 60 DAYS	ALL BUT \$356	\$356 DEDUCTIBLE
	61st-90th DAYS	ALL BUT \$89 A DAY	\$89 A DAY
	91st-150th DAYS (Lifetime reserve days)	ALL BUT \$178 A DAY	\$178 A DAY
	BEYOND 150 DAYS	NOTHING	90% OF MEDICARE APPROVED EXPENSES UP TO 365 DAYS
POST-HOSPITAL <u>SKILLED NURSING CARE</u> (Part A): In a <u>facility approved by Medicare</u> . You must have been in the hospital for at least 3 days before entering the facility.	FIRST 20 DAYS	100% OF COSTS	
	21st-100th DAYS	ALL BUT \$44.50 A DAY	
	BEYOND 100 DAYS	NOTHING	

SERVICE	MEDICARE PAYS IN 1984	ALL MEDICARE SUPPLEMENT POLICIES PAY AT LEAST
MEDICAL EXPENSE (Part B-Optional) Includes: Services of a physician Services of a speech or physical thera- pist Use of an ambul- ance Physician adminis- tered tests Medical supplies other than pres- cribed drugs and medicines	80% OF REASONABLE CHARGES AFTER A \$75 CALENDAR YEAR DEDUCTIBLE	20% OF MEDICARE ELIGIBLE EXPENSES AFTER AN ADDITIONAL \$125 DEDUCT- IBLE TO A MAXIMUM BENEFIT OF AT LEAST \$5,000 PER YEAR

*The following pages outline the basic benefits of a Medicare Supplement policy offered by each Company. This Guide provides a very brief description of the benefits offered by the policies listed. The policies themselves set forth in detail the rights and obligations of both you and the insurance company.

This guide is only a starting point to give you an idea of what's available. You may want a policy with more comprehensive coverage. If so, companies will usually add coverage for a higher premium.

It should be noted that Medicare Supplement policies are designed to cover Medicare approved expenses which are not paid by Medicare. In other words, they do not normally cover expenses considered ineligible by Medicare. You should be aware that even with a Medicare Supplement policy, you may have out-of-pocket expenses.

These are the major "gaps" in Medicare, which you may want to cover under a supplemental policy.

No - means neither Medicare nor the supplemental policy pays, therefore you must pay.

Yes - means the supplemental policy pays charges considered reasonable and necessary.

COMPANY NAME AND POLICY FORM NUMBER	ANNUAL INDIVIDUAL PREMIUM* AS OF FEB. 1, 1984	MEDICARE PART A HOSPITAL AND SKILLED NURSING HOME BENEFITS		MEDICARE PART B MEDICAL BENEFITS		EXTRA BENEFITS OF POLICY			
		INITIAL DEDUCTIBLE \$356.00 61-90 DAY \$89.00 PER DAY 91-150 DAY \$178.00 PER DAY 90% OF MEDICARE ELIGIBLE EXPENSES FOR AN ADDITIONAL 365 DAYS	SKILLED NURSING CARE 21st-100th DAY \$44.50 PER DAY	INITIAL DEDUCTIBLE \$75.00	20% CO-INSURANCE	OUT-OF-HOSPITAL PRESCRIPTION DRUGS	PRIVATE DUTY NURSE	ACTUAL CHARGES FOR DOCTORS SERVICES	ACTUAL CHARGES FOR AMBU-LANCE EXPENSES
American Integrity Ins. Co. Form SS-65-KS	65-72 - \$529.10 73-77 - \$608.30 78-82 - \$658.15 83+ - \$698.20	Yes	Yes	No	Yes-after a \$200 deductible for out-patient medical services. In-patient medical services not subject to deductible.	No	No	No	No
American Republic Ins. Co. Form A-2400 KS 5-82	65-69 - \$440.40 70-75 - \$565.20	Yes	Yes	No	Yes	No	No	No	No
American Standard Life & Acc. Ins. Co. Form MCS-350 AS (KS)	65-69 - \$567.00 70-74 - \$629.00 75-79 - \$689.00 80-84 - \$758.00 85-89 - \$862.00	Yes	Yes	Yes	Yes	No	No	No	No

*Annual premium may be higher if paid in installments. Also, one-time policy fees, if any, are not included.

Premiums may change from time to time pursuant to policy provisions.

These are the major "gaps" in Medicare, which you may want to cover under a supplemental policy.

No - means neither Medicare nor the supplemental policy pays, therefore you must pay.

Yes - means the supplemental policy pays charges considered reasonable and necessary.

COMPANY NAME AND POLICY FORM NUMBER	ANNUAL INDIVIDUAL PREMIUM* AS OF FEB. 1, 1984	MEDICARE PART A HOSPITAL AND SKILLED NURSING HOME BENEFITS		MEDICARE PART B MEDICAL BENEFITS		EXTRA BENEFITS OF POLICY			
		INITIAL DEDUCTIBLE \$356.00 61-90 DAY \$89.00 PER DAY 91-150 DAY \$178.00 PER DAY 90% OF MEDICARE ELIGIBLE EXPENSES FOR AN ADDITIONAL 365 DAYS	SKILLED NURSING CARE 21st-100th DAY \$44.50 PER DAY	INITIAL DEDUCTIBLE \$75.00	20% CO-INSURANCE	OUT-OF-HOSPITAL PRESCRIPTION DRUGS	PRIVATE DUTY NURSE	ACTUAL CHARGES FOR DOCTORS SERVICES	ACTUAL CHARGES FOR AMBULANCE EXPENSES
Associated Doctors Health and Life Ins. Co. Form MCS-350 KS	65-69 - \$539.45 70-74 - \$627.77 75-79 - \$723.39 80-84 - \$814.52 85+ - \$927.59	Yes	Yes	Yes	Yes	No	No	No	No
Bankers Life & Casualty Form GR-75R	65 - \$461.78 66 - \$466.80 67 - \$475.74 68 - \$488.72 69 - \$505.52 70 - \$526.58 71 - \$551.67 72 - \$580.69 73 - \$613.74 74 - \$650.61 75+ - \$691.85	Yes	No	No	Yes	No	No	No	No

*Annual premium may be higher if paid in installments. Also, one-time policy fees, if any, are not included.

Premiums may change from time to time pursuant to policy provisions.

These are the major "gaps" in Medicare, which you may want to cover under a supplemental policy.

No - means neither Medicare nor the supplemental policy pays, therefore you must pay.
Yes - means the supplemental policy pays charges considered reasonable and necessary.

COMPANY NAME AND POLICY FORM NUMBER	ANNUAL INDIVIDUAL PREMIUM* AS OF FEB. 1, 1984	MEDICARE PART A HOSPITAL AND SKILLED NURSING HOME BENEFITS		MEDICARE PART B MEDICAL BENEFITS		EXTRA BENEFITS OF POLICY			
		INITIAL DEDUCTIBLE \$356.00 61-90 DAY \$89.00 PER DAY 91-150 DAY \$178.00 PER DAY 90% OF MEDICARE ELIGIBLE EXPENSES FOR AN ADDITIONAL 365 DAYS	SKILLED NURSING CARE 21st-100th DAY \$44.50 PER DAY	INITIAL DEDUCTIBLE \$75.00	20% CO-INSURANCE	OUT-OF-HOSPITAL PRESCRIPTION DRUGS	PRIVATE DUTY NURSE	ACTUAL CHARGES FOR DOCTORS SERVICES	ACTUAL CHARGES FOR AMBULANCE EXPENSES
Blue Cross & Blue Shield of Kansas Form 80-1000, 80-1031 and 80-1582	65+ - \$464.76	Yes	Yes	Yes	Yes	No	No	No	No
Blue Cross & Blue Shield of Kansas City BCBS-TIP-82	65+ - \$546.72	Yes	Yes	Yes	Yes	No	No	No	No
Central States Health & Life Co. of Omaha Form 286 KS	65-69 - \$500.50 70-74 - \$595.10 75+ - \$729.30	Yes	Yes	No	Yes	No	No	No	No

*Annual premium may be higher if paid in installments. Also, one-time policy fees, if any, are not included.

Premiums may change from time to time pursuant to policy provisions.

These are the major "gaps" in Medicare, which you may want to cover under a supplemental policy.

No - means neither Medicare nor the supplemental policy pays, therefore you must pay.

Yes - means the supplemental policy pays charges considered reasonable and necessary.

COMPANY NAME AND POLICY FORM NUMBER	ANNUAL INDIVIDUAL PREMIUM* AS OF FEB. 1, 1984	MEDICARE PART A HOSPITAL AND SKILLED NURSING HOME BENEFITS		MEDICARE PART B MEDICAL BENEFITS		EXTRA BENEFITS OF POLICY			
		INITIAL DEDUCTIBLE \$356.00 61-90 DAY \$89.00 PER DAY 91-150 DAY \$178.00 PER DAY 90% OF MEDICARE ELIGIBLE EXPENSES FOR AN ADDITIONAL 365 DAYS	SKILLED NURSING CARE 21st-100th DAY \$44.50 PER DAY	INITIAL DEDUCTIBLE \$75.00	20% CO-INSURANCE	OUT-OF-HOSPITAL PRESCRIPTION DRUGS	PRIVATE DUTY NURSE	ACTUAL CHARGES FOR DOCTORS SERVICES	ACTUAL CHARGES FOR AMBULANCE EXPENSES
Continental General Ins. Co. Form 309	65-69 - \$556.34 70-74 - \$635.84 75-79 - \$715.31 80+ - \$802.04	Yes	Yes	Yes	Yes	80% of usual and customary for 1st \$250 each benefit period following hospital confinement covered by Part A of Medicare for a maximum of 60 days	80% of usual and customary charges	No	No
Federal Home Life Ins. Co. Form NAC 9981	<u>Male</u> 65-69 - \$621.00 70-74 - \$711.00 75-79 - \$777.00 80-84 - \$839.00 85+ - \$889.00 <u>Female</u> 65-69 - \$560.00 70-74 - \$606.00 75-79 - \$669.00 80-84 - \$730.00 85+ - \$781.00	Yes	Yes	Yes	Yes Also 100% of usual and customary which exceeds Medicare's reasonable after first \$200	No	No	No	No

*Annual premium may be higher if paid in installments. Also, one-time policy fees, if any, are not included.

Premiums may change from time to time pursuant to policy provisions.

These are the major "gaps" in Medicare, which you may want to cover under a supplemental policy.

COMPANY NAME AND POLICY FORM NUMBER	ANNUAL INDIVIDUAL PREMIUM* AS OF FEB. 1, 1984	MEDICARE PART A HOSPITAL AND SKILLED NURSING HOME BENEFITS	
		INITIAL DEDUCTIBLE \$356.00 61-90 DAY \$89.00 PER DAY 91-150 DAY \$178.00 PER DAY 90% OF MEDICARE ELIGIBLE EXPENSES FOR AN ADDITIONAL 365 DAYS	SKILLED NURSING CARE 21st-100th DAY \$44.50 PER DAY
Globe Life & Accident Ins. Company Form MCP-2-M KS	65-70 - \$539.00 71-75 - \$619.00 76-85 - \$701.00 86-90 - \$777.00	Yes	Yes
Golden Rule Ins. Co. Form GRI-H-2.IP	65+ - \$512.19	Yes	Yes
Horace Mann Life Ins. Co. GC-M1504S	65+ - \$919.52	Yes	Yes

*Annual premium may be higher if paid in installments. Also, one-time policy fees, if any, are not included.

No - means neither Medicare nor the supplemental policy pays, therefore you must pay.
Yes - means the supplemental policy pays charges considered reasonable and necessary.

MEDICARE PART B MEDICAL BENEFITS		EXTRA BENEFITS OF POLICY			
INITIAL DEDUCTIBLE \$75.00	20% CO-INSURANCE	OUT-OF-HOSPITAL PRESCRIPTION DRUGS	PRIVATE DUTY NURSE	ACTUAL CHARGES FOR DOCTORS SERVICES	ACTUAL CHARGES FOR AMBULANCE EXPENSES
No	Yes	No	20% per 8 hour-shift 30 shifts per benefit period	No	No
20% of initial deductible	Yes	80% of reasonable and customary charges after \$50 calendar year deductible	80% of reasonable and customary charges after \$50 calendar year deductible	No	No
Yes	Yes	Yes after insured pays \$100 deductible, policy pays 80% of out-patient drugs, subject to \$1,500 calendar year maximum	No	No	No

Premiums may change from time to time pursuant to policy provisions.

These are the major "gaps" in Medicare, which you may want to cover under a supplemental policy.

No - means neither Medicare nor the supplemental policy pays, therefore you must pay.
Yes - means the supplemental policy pays charges considered reasonable and necessary.

				MEDICARE PART A HOSPITAL AND SKILLED NURSING HOME BENEFITS																																					
COMPANY NAME AND POLICY FORM NUMBER	ANNUAL INDIVIDUAL PREMIUM* AS OF FEB. 1, 1984	INITIAL DEDUCTIBLE \$356.00 61-90 DAY \$89.00 PER DAY 91-150 DAY \$178.00 PER DAY 90% OF MEDICARE ELIGIBLE EXPENSES FOR AN ADDITIONAL 365 DAYS	SKILLED NURSING CARE 21st- 100th DAY \$44.50 PER DAY																																						
Lutheran Brother- hood Form H1 MS-1	<table border="1"> <tr> <td></td> <td>17*</td> <td>18*</td> <td>20*</td> </tr> <tr> <td>65 -</td> <td>\$520</td> <td>\$542</td> <td>\$586</td> </tr> <tr> <td>66 -</td> <td>\$535</td> <td>\$558</td> <td>\$603</td> </tr> <tr> <td>67 -</td> <td>\$553</td> <td>\$575</td> <td>\$622</td> </tr> <tr> <td>68 -</td> <td>\$569</td> <td>\$593</td> <td>\$640</td> </tr> <tr> <td>69 -</td> <td>\$584</td> <td>\$608</td> <td>\$657</td> </tr> <tr> <td>70-74 -</td> <td>\$635</td> <td>\$661</td> <td>\$713</td> </tr> <tr> <td>75-79 -</td> <td>\$718</td> <td>\$747</td> <td>\$805</td> </tr> <tr> <td>80-84 -</td> <td>\$792</td> <td>\$823</td> <td>\$886</td> </tr> </table>		17*	18*	20*	65 -	\$520	\$542	\$586	66 -	\$535	\$558	\$603	67 -	\$553	\$575	\$622	68 -	\$569	\$593	\$640	69 -	\$584	\$608	\$657	70-74 -	\$635	\$661	\$713	75-79 -	\$718	\$747	\$805	80-84 -	\$792	\$823	\$886	Yes	Yes		
	17*	18*	20*																																						
65 -	\$520	\$542	\$586																																						
66 -	\$535	\$558	\$603																																						
67 -	\$553	\$575	\$622																																						
68 -	\$569	\$593	\$640																																						
69 -	\$584	\$608	\$657																																						
70-74 -	\$635	\$661	\$713																																						
75-79 -	\$718	\$747	\$805																																						
80-84 -	\$792	\$823	\$886																																						
	<table border="1"> <tr> <td>*Area Table</td> <td>1st 3 Zip Code Digits</td> </tr> <tr> <td>#17</td> <td>664-669; 673-679</td> </tr> <tr> <td>#18</td> <td>660</td> </tr> <tr> <td>#20</td> <td>661-662; 670-672</td> </tr> </table> <p>Area Tables are assigned by Zip Code nation-wide to account for regional differences in medical costs.</p>	*Area Table	1st 3 Zip Code Digits	#17	664-669; 673-679	#18	660	#20	661-662; 670-672																																
*Area Table	1st 3 Zip Code Digits																																								
#17	664-669; 673-679																																								
#18	660																																								
#20	661-662; 670-672																																								

MEDICARE PART B MEDICAL BENEFITS		EXTRA BENEFITS OF POLICY			
INITIAL DEDUCTIBLE \$75.00	20% CO- INSURANCE	OUT-OF- HOSPITAL PRESCRIP- TION DRUGS	PRIVATE DUTY NURSE	ACTUAL CHARGES FOR DOCTORS SERVICES	ACTUAL CHARGES FOR AMBU- LANCE EXPENSES
No	Yes	No	Yes	No	No

* Annual premium may be higher if paid in installments. Also, one-time policy fees, if any, are not included.

Premiums may change from time to time pursuant to policy provisions.

These are the major "gaps" in Medicare, which you may want to cover under a supplemental policy.

COMPANY NAME AND POLICY FORM NUMBER	ANNUAL INDIVIDUAL PREMIUM* AS OF FEB. 1, 1984	MEDICARE PART A HOSPITAL AND SKILLED NURSING HOME BENEFITS	
		INITIAL DEDUCTIBLE \$356.00 61-90 DAY \$89.00 PER DAY 91-150 DAY \$178.00 PER DAY 90% OF MEDICARE ELIGIBLE EXPENSES FOR AN ADDITIONAL 365 DAYS	SKILLED NURSING CARE 21st-100th DAY \$44.50 PER DAY
Medico Life Ins. Co. Form ML 484 YK	64½-69 - \$488.00 70-79 - \$608.00 80+ - \$754.00	Yes	Yes
Mutual of Omaha Ins. Co. Form M1	65-69 - \$381.48 70-74 - \$466.80 75-79 - \$510.24 80+ - \$558.48	Yes	Yes
Mutual Protective Life Ins. Company Form MP 484 YK	64½-69 - \$488.00 70-79 - \$608.00 80+ - \$754.00	Yes	Yes
National Life and Accident Ins. Co. Form 6001 M-1	Male 65-69 - \$331.17 70-74 - \$384.58 75-79 - \$437.99 Female 65-69 - \$283.31 70-74 - \$336.72 75-79 - \$390.13	Yes	Yes

No - means neither Medicare nor the supplemental policy pays, therefore you must pay.
Yes - means the supplemental policy pays charges considered reasonable and necessary.

MEDICARE PART B MEDICAL BENEFITS		EXTRA BENEFITS OF POLICY			
INITIAL DEDUCTIBLE \$75.00	20% CO-INSURANCE	OUT-OF-HOSPITAL PRESCRIPTION DRUGS	PRIVATE DUTY NURSE	ACTUAL CHARGES FOR DOCTORS SERVICES	ACTUAL CHARGES FOR AMBULANCE EXPENSES
Yes	Yes	No	Yes	No	No
No	Yes	No	No	No	No
Yes	Yes	No	Yes	No	No
No	Yes-after \$200 deductible	No	No	No	No

*Annual premium may be higher if paid in installments. Also, one-time policy fees, if any, are not included.

Premiums may change from time to time pursuant to policy provisions.

These are the major "gaps" in Medicare, which you may want to cover under a supplemental policy.

No - means neither Medicare nor the supplemental policy pays, therefore you must pay.
 Yes - means the supplemental policy pays charges considered reasonable and necessary.

COMPANY NAME AND POLICY FORM NUMBER	ANNUAL INDIVIDUAL PREMIUM* AS OF FEB. 1, 1984	MEDICARE PART A HOSPITAL AND SKILLED NURSING HOME BENEFITS		MEDICARE PART B MEDICAL BENEFITS		EXTRA BENEFITS OF POLICY			
		INITIAL DEDUCTIBLE \$356.00 61-90 DAY \$89.00 PER DAY 91-150 DAY \$178.00 PER DAY 90% OF MEDICARE ELIGIBLE EXPENSES FOR AN ADDITIONAL 365 DAYS	SKILLED NURSING CARE 21st-100th DAY \$44.50 PER DAY	INITIAL DEDUCTIBLE \$75.00	20% CO-INSURANCE	OUT-OF-HOSPITAL PRESCRIPTION DRUGS	PRIVATE DUTY NURSE	ACTUAL CHARGES FOR DOCTORS SERVICES	ACTUAL CHARGES FOR AMBULANCE EXPENSES
New York Life Ins. Co. Form 8145-1	Male	Yes	Yes	No	Yes	No	Up to \$100 per day-limit of 100 days in a Medicare Benefit Period	20% of actual charges	No
	65-69 - \$ 440.00								
	70-74 - \$ 511.50								
	75-79 - \$ 572.00								
	80-84 - \$ 610.50								
	Female								
	65-69 - \$ 407.00								
	70-74 - \$ 473.00								
Physicians Mutual Ins. Form P195	65-69 - \$ 449.78	Yes	Yes	20% of initial deductible	Yes	No	No	20% of actual charges	No
	70-79 - \$ 568.03								
	80-89 - \$ 725.56								
The Pyramid Life Ins. Co. Form H-91-G	65-69 - \$ 735.00	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	70-74 - \$ 865.00								
	75-79 - \$ 998.00								
	80+ - \$1,144.00								
Reserve National Ins. Co. Form MCS-82-KS	65-69 - \$ 424.50	Yes	Yes	Yes	Yes	No	No	No	No
	70-74 - \$ 504.55								
	75-79 - \$ 579.60								
	80-84 - \$ 652.45								
	85+ - \$ 724.80								

*Annual premium may be higher if paid in installments. Also, one-time policy fees, if any, are not included.

Premiums may change from time to time pursuant to policy provisions.

These are the major "gaps" in Medicare, which you may want to cover under a supplemental policy.

No - means neither Medicare nor the supplemental policy pays, therefore you must pay.

Yes - means the supplemental policy pays charges considered reasonable and necessary.

COMPANY NAME AND POLICY FORM NUMBER	ANNUAL INDIVIDUAL PREMIUM* AS OF FEB. 1, 1984	MEDICARE PART A HOSPITAL AND SKILLED NURSING HOME BENEFITS		MEDICARE PART B MEDICAL BENEFITS		EXTRA BENEFITS OF POLICY			
		INITIAL DEDUCTIBLE \$356.00 61-90 DAY \$89.00 PER DAY 91-150 DAY \$178.00 PER DAY 90% OF MEDICARE ELIGIBLE EXPENSES FOR AN ADDITIONAL 365 DAYS	SKILLED NURSING CARE 21st-100th DAY \$44.50 PER DAY	INITIAL DEDUCTIBLE \$75.00	20% CO-INSURANCE	OUT-OF-HOSPITAL PRESCRIPTION DRUGS	PRIVATE DUTY NURSE	ACTUAL CHARGES FOR DOCTORS SERVICES	ACTUAL CHARGES FOR AMBU-LANCE EXPENSES
Standard Life and Accident Ins. Co. Form 1218-282	65-74 - \$363.00 75-84 - \$491.00 85+ - \$604.00	Yes	Yes	No	Yes	No	No	No	No
The Statesman National Life Ins. Co. Form P-KA181	65+ - \$519.64	Yes	No	Yes	Yes	No	No	No	No
World Ins. Co. Form A2480	65-69 - \$311.28 70-74 - \$351.44 75-79 - \$394.12 80-84 - \$434.80 85+ - \$485.52	Yes	Yes	No	Yes	No	No	No	No

*Annual premium may be higher if paid in installments. Also, one-time policy fees, if any, are not included.

Premiums may change from time to time pursuant to policy provisions.

QUESTIONS AND ANSWERS

Q. If someone comes to your door representing Medicare and wishes to discuss the benefits, should you talk with them?

A. This is a decision you must make. However, Medicare does not make door to door solicitations and the person probably does not represent Medicare. Before you consent to discuss the matter, ask them to show you proper identification indicating who they represent.

Q. Is supplemental insurance available on a group basis as well as on an individual basis?

A. Yes. Some people are eligible for group insurance through their own or their spouse's employment or membership in an association. If you or your spouse are covered by a group plan, find out before you become eligible for Medicare whether your coverage may be continued or converted to suitable supplemental coverage.

Q. Should you purchase additional policies to supplement Medicare?

A. You should not "load up" with several policies that supplement Medicare. Duplicating coverage is costly and usually unnecessary. If you currently have more than one supplemental policy or if you are approached to buy additional policies or replace an existing policy, check with members of your family or someone in your community who can advise you if additional coverage is necessary or desirable before making a purchase.

Q. If questions or problems arise concerning Medicare, who should you contact?

A. You should contact the Medicare carrier or the Social Security Office in your area.

Q. Are Medicare supplement policies sold by the federal government?

A. No. This insurance is sold by private insurance companies. These companies are not affiliated with the Medicare Program.

Q. In purchasing an insurance policy, is it really important to know who sold you the policy?

A. Yes. Be sure you have the agents name and address as well as the name and address of the company when the application is completed. Make checks payable to the insurance company rather than paying cash or making a check payable to the agent.

Q. Can your supplemental policy be cancelled by the company?

A. There are basically three types of renewal agreements found in individual health insurance policies:

- a. Renewable at the option of the company. The company may refuse renewal of the policy on any premium renewal date by giving proper prior notice of their intent to take such action; or, the company may refuse renewal of the policy if renewals

are declined on all policies bearing a particular policy form number issued in the state of residence of the insured;

- b. Guaranteed Renewable to a specified age or for life, which means the company cannot refuse to renew the policy but they will reserve the right to change the premium rate;
- c. Non-cancellable and guaranteed renewable to a specified age or for life, which means the company cannot refuse to renew the policy nor can they change the premium rate.

Q. What can you do if you are dissatisfied with a health policy after you receive it?

A. Each individual health insurance policy purchased in the State of Kansas provides a guaranteed ten-day free look period. You have ten days after you actually receive a policy to carefully look it over. If you are dissatisfied with it for any reason, you may return it to the company within the ten-day period and receive a full refund of your premium.

The following additional brochures are available free from the Kansas Insurance Department:

LIFE INSURANCE
FACTS TO HELP YOU

KANSAS HEALTH INSURANCE
FACTS TO HELP YOU

KANSAS AUTO INSURANCE
FACTS TO HELP YOU

KANSAS HOMEOWNERS INSURANCE
FACTS TO HELP YOU

KANSAS FLOOD INSURANCE
FACTS TO HELP YOU

KANSAS NURSING HOME INSURANCE
FACTS TO HELP YOU

KANSAS CANCER INSURANCE
FACTS TO HELP YOU

KANSAS HEALTH INSURANCE FACTS
TO HELP SENIOR CITIZENS

**TOLL FREE
HOT LINE
1-800-432-2484**

**Topeka Area
296-3071**

**Wichita Area
267-5279**

**WHERE AND HOW TO FILE AN INQUIRY
OR COMPLAINT**

If you have an insurance question or problem, you should first work with your agent or company to get the matter resolved.

If you cannot get the matter resolved, feel free to contact your Kansas Insurance Department for assistance. Inquiries and complaints should be sent to FLETCHER BELL, COMMISSIONER OF INSURANCE, KANSAS INSURANCE DEPARTMENT, 420 S. W. 9TH STREET, TOPEKA, KANSAS 66612. Wichita area residents can direct their inquiries and complaints to: KANSAS INSURANCE DEPARTMENT, 1512 N. BROADWAY, WICHITA, KANSAS 67214. An inquiry or complaint may be made in person at these offices or in writing by simply providing the name of the insurance company, the policy number and a brief statement of your complaint.

REMEMBER: For specific information on Medicare you should contact the Medicare carrier or any Social Security Office.

2-84/7M

February 8, 1985

TO: Jack Roberts ✓
cc: Joe Kun and Don Lynn

FROM: Pam Miller

SUBJECT: PLAN 65 "AGE RATING"

Shown below are proposed age rates based on current approved and filed Plan 65 rates. These rates will vary proportionately to the Plan 65 rate (if Plan 65 rates increase, these will too).

These rates apply only to persons enrolling at other than their first opportunity; all currently enrolled subscribers would be charged the base rate, regardless of their age. Also, once a subscriber enrolls in an age class, he or she remains in that same age class for life; they would not change age classes as they grow older.

<u>AGES</u>	<u>TOTAL MONTHLY RATE</u>
Base rate (approved and filed)	\$38.73
66 and older	38.77
70 and older	39.70
75 and older	41.63
80 and older	43.38
85 and older	44.89
90 and older	45.97

PM/pw

Attachment VI

INFORMATION CENTER REQUEST #1549
 ACTIVE CONTRACT COUNTS BY AGE
 FOR PLAN 63 OPEN SEASON ENROLLEES
 * FEBRUARY 1, 1985 EFFECTIVE DATES

AGE OF CONTRACT HOLDER	TOTAL	% of TOTAL
01-64	7	1.4%
65	62	12.3
66-69	164	32.5
70-74	117	23.2
75-79	83	16.5
80-84	48	9.5
85-89	1	0.2
95-	22	4.4
FINAL TOTALS	504	100.0

504 RECORDS TOTALED

FORMATION AS OF 2/22/85 DAYS BUSINESS
 ES CALCULATED AS OF THE EFFECTIVE DATE

* Open season doesn't officially begin until 3/1/85; however, apps coming in through Cust. Serv. during December are set up for 2/1/85

INFORMATION CENTER REQUEST #1549
 ACTIVE CONTRACT COUNTS BY AGE
 FOR PLAN 65 OPEN SEASON ENROLLEES
 MARCH 1, 1985 EFFECTIVE DATES

AGE OF CONTRACT HOLDER	TOTAL	% of total
01-64	3	0.2
65	138	10.1
66-69	447	32.6
70-74	300	21.9
75-79	227	16.6
80-84	152	11.1
85-89	7	0.5
95-	96	7.0
FINAL TOTALS	1,370	100.0

1,370 RECORDS TOTALED
 INFORMATION AS OF 2/22/85 DAYS BUSINESS
 CALCULATED AS OF THE EFFECTIVE DATE