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216/687-2630

September 20, 2010

Commissioner Kevin M. McCarty  
Chair, NAIC Senior Issues Task Force  
State of Florida  
Office of Insurance Regulation  
Edwin Larson Bldg.  
200 E. Gaines St., Suite 312  
Tallahassee, FL 32399

RE: NAIC Senior Issues Task Force Consideration of the Medicare Supplemental Part A Deductible Waiver Program

Dear Commissioner McCarty:

I am writing on behalf of Medical Mutual of Ohio, a non-profit mutual insurance company currently selling Medicare Supplement plans in several states in the South and Midwest. Medical Mutual supports allowing Medicare Supplement carriers to establish hospital networks and believes these networks are an effective way of lowering the cost of coverage provided to Medicare Supplement policyholders.

Rather than rehash the detailed and complicated legal arguments for and against Medicare Supplement network arrangements, Medical Mutual would like to emphasize the voluntariness and practical benefits of these arrangements. Hospitals that elect to join a Medicare Supplement network agree to waive all or part of the policyholder's Medicare Part A deductible. Policyholders that choose to use a network hospital for health care services receive a premium credit for doing so. For hospitals that choose not to join a Medicare Supplement network and policyholders that elect to receive health care services at a non-network hospital, benefits and reimbursement are unchanged. In other words, policyholders who use network hospitals are better off because they receive a premium credit. Policyholders who use non-network hospitals are treated the same way as they would be treated if the Medicare Supplement carrier had not established a network. All policyholders benefit from lower costs through lower premiums.

In making a recommendation about the best way to structure Medicare Supplement products, Medical Mutual hopes the NAIC will recognize the practical benefits of incorporating network arrangements into existing Medicare Supplement products. Allowing the sale of network products would lower the premiums of Medicare Supplement policyholders who use network hospitals without harming policyholders who do not.

Thank you for your consideration of our position on this issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "M. A. Taddeo".

Michael A. Taddeo

cc: Mary Beth Senkewicz, Deputy Insurance Commissioner, State of Florida, Office of Insurance  
Regulation  
Jane Sung, Senior Health Policy & Legislative Analyst & Counsel Staff, Senior Issues Task Force,  
NAIC  
David Fogarty, Director, Legal Affairs, Medical Mutual