IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

[  ] Health RBC Blanks [  ] Property/Casualty RBC Blanks [  ] Life RBC Instructions
[  ] Fraternal RBC Blanks [  x ] Health RBC Instructions [  ] Property/Casualty RBC Instructions
[  ] Life RBC Blanks [  ] Fraternal RBC Instructions [  ] OTHER __________________

DESCRIPTION OF CHANGE(S)

Modify the “Other Health Coverages” instructions for page XR012 & XR012A to: **Other Coverages.** This includes other health coverages such as other stand-alone prescription drug benefit plans, **NOT INCLUDED ABOVE** and coverages, such as life and property and casualty business that have not been specifically addressed in the other columns listed above.

**REASON OR JUSTIFICATION FOR CHANGE **

The Health RBC instructions do not currently address where a company should report life and property and casualty premiums in the health RBC formula. By deleting the reference to “Health” in the heading and adding the proposed language it would clearly identify to those companies writing life and property and casualty business that this business should be included in the “Other” column on page XR012 and XR012A.

Additional Staff Comments:

3-29-15 cgb The HRBCWG voted to expose for comment the proposal until 4-15-15.
L(1) through L(18)

There are five lines of business used in the formula for calculating the RBC requirement for this risk: (1) Comprehensive Medical and Hospital, (2) Medicare Supplement, (3) Dental/Vision, (4) Stand-Alone Medicare Part D Coverage, and (5) Other. Each of these lines of business has its own column in the Underwriting Risk Experience Fluctuation Risk table. The categories listed in the columns of this page include all risk revenue and risk revenue that is received from another reporting entity in exchange for medical services provided to its members. The descriptions of the items are described as follows:

**Comprehensive Medical & Hospital.** Includes policies providing for medical coverages including hospital, surgical, major medical, Medicare risk coverage (but NOT Medicare Supplement), and Medicaid risk coverage. This category DOES NOT include administrative services contracts (ASC), administrative services only (ASO) contracts, or any non-underwritten business. These programs are reported in the Business Risk section of the formula. Neither does it include Federal Employees Health Benefit Plan (FEHBP) or TRICARE, which are handled in Line 21 of this section. The alternative risk charge, which is twice the maximum retained risk after reinsurance on any single individual, cannot exceed $1,500,000. Prescription drug benefits included in major medical insurance plans (including Medicare Advantage plans with prescription drug coverage) should be reported in this line. These benefits should also be included in the Managed Care Credit calculation.

**Medicare Supplement.** This is business reported in the Medicare Supplement Insurance Experience Exhibit of the annual statement and includes Medicare Select. Medicare risk business is reported under comprehensive medical and hospital.

**Dental & Vision.** This is limited to policies providing for dental-only or vision-only coverage issued as a stand-alone policy or as a rider to a medical policy, which is not related to the medical policy through deductibles or out-of-pocket limits.

**Stand-Alone Medicare Part D Coverage.** This includes both individual coverage and group coverage of Medicare Part D coverage where the plan sponsor has risk corridor protection. See Appendix 2 for definition of these terms. Medicare drug benefits included in major medical plans or benefits that do not meet the above criteria are not to be included in this line. Supplemental benefits within Medicare Part D (benefits in excess of the standard benefit design) are addressed separately on page XR014. Employer-based Part D coverage that is in an uninsured plan as defined in SSAP No. 47—Uninsured Plans is not to be included here.

**Other Health Coverages.** This includes other health coverages such as other stand-alone prescription drug benefit plans, NOT INCLUDED ABOVE and coverages such as life and property and casualty business that have not been specifically addressed in the other columns listed above.
There are five lines of business used in the formula for calculating the RBC requirement for this risk: (1) Comprehensive Medical and Hospital; (2) Medicare Supplement; (3) Dental/Vision; (4) Stand-Alone Medicare Part D coverage; and (5) Other. These lines of business are based on the health annual financial statement reporting and do not coincide with the lines of business reported in the Supplemental Health Care Exhibit. Each of these lines of business has its own column in the Underwriting Risk – Experience Fluctuation Risk table. The categories listed in the columns of this page include all risk revenue and risk revenue that is received from another reporting entity in exchange for medical services provided to its members. The descriptions of the items are described as follows:

**Comprehensive Medical & Hospital.** Includes policies providing for medical coverages including hospital, surgical, major medical, Medicare risk coverage (but NOT Medicare Supplement), and Medicaid risk coverage. This category DOES NOT include administrative services contracts (ASC), administrative services only (ASO) contracts, or any non-underwritten business. These programs are reported in the Business Risk section of the formula. Neither does it include the Federal Employees Health Benefit Program (FEHBP) or TRICARE, which are handled in Line 21 of this section. The alternative risk charge, which is twice the maximum retained risk after reinsurance on any single individual, cannot exceed $1,500,000. Prescription drug benefits included in major medical insurance plans (including Medicare Advantage plans with prescription drug coverage) should be reported in this line. These benefits should also be included in the Managed Care Credit calculation.

**Medicare Supplement.** This is business reported in the Medicare Supplement Insurance Experience Exhibit of the annual statement and includes Medicare Select. Medicare risk business is reported under comprehensive medical and hospital.

**Dental & Vision.** This is limited to policies providing for dental-only or vision-only coverage issued as a stand-alone policy or as a rider to a medical policy that is not related to the medical policy through deductibles or out-of-pocket limits. Column (3) should be completed for Lines (1) through (3), (9) through (11) and (15) through (17) if the earned premium in Column (3), Line (4) is five percent or more than the earned premium reported in Column (1), Line (4).

**Stand-Alone Medicare Part D Coverage.** This includes both individual coverage and group coverage of Medicare Part D coverage where the plan sponsor has risk corridor protection. See Appendix 2 for definition of these terms. Medicare drug benefits included in major medical plans or benefits that do not meet the above criteria are not to be included in this line. Supplemental benefits within Medicare Part D (benefits in excess of the standard benefit design) are addressed separately on page XR014. Employer-based Part D coverage that is in an uninsured plan as defined in SSAP No. 47—Uninsured Plans is not to be included here.

**Other Health Coverages.** Includes other health coverages such as other stand-alone prescription drug benefit plans, NOT INCLUDED ABOVE and coverages such as life and property and casualty business that have not been specifically addressed in the other columns listed above.