



**STATE OF NEW YORK
INSURANCE DEPARTMENT**
ONE COMMERCE PLAZA
ALBANY, NEW YORK 12257

George E. Pataki
Governor

Gregory V. Serio
Superintendent

Circular Letter No. 21 (2002)
October 31, 2002

TO: ALL INSURERS PARTICIPATING IN THE NEW YORK MARKET STABILIZATION POOLS FOR MEDICARE SUPPLEMENT INSURANCE

RE: REPORTING AND CALCULATION REQUIREMENTS

STATUTORY REFERENCE: Section 3233 of the Insurance Law

Under the Fourth Amendment to Regulation 146, 11 NYCRR 361, a demographic pooling mechanism for Medicare Supplement insurance is established for periods from January 1, 2000 forward in the same form as that established in 1993 under Regulation 146. In addition to the instructions contained in this circular letter, carriers should refer to the calculation and reporting procedures related to Medicare Supplement insurance set forth in previously issued Circular Letter No. 3 (1993), dated February 10, 1993, and Circular Letter No. 5 (1993), dated April 14, 1993.

The requirement for quarterly submissions stipulated in Regulation 146 is modified for calendar years 2000 and 2001. Only a single initial filing using a mid-year calculation date (July 1) will be required for each of these years. Since actual incurred claims are already known for 2000 and 2001, incurred claims consistent with data reported on carriers' statutory annual statements will be used in the initial filings for these years, instead of interim estimates of incurred claims based on the application of projected incurred loss ratios to annualized premium. The quarterly data filings required by Regulation 146 will commence with the January 1, 2002 calculation date.

The submissions and calculations for July 1, 2000, July 1, 2001, January 1, 2002, April 1, 2002, July 1, 2002 and October 1, 2002 must be provided by January 2, 2003. Subsequent quarterly submissions will be due 30 days following the beginning of each calendar quarter. Reconciliations of 2000 - 2002 will be performed in 2003.

In accordance with Insurance Department Regulation 146, Section 361.6(a) (as renumbered by the Fourth Amendment), the New York Insurance Department has contracted with Alicare, Inc. to administer the New York Market Stabilization Pools. All data submissions should be sent to Alicare, Inc. at the address listed herein. The submissions and underlying records must be retained by carriers for at least six years for audit purposes. Section 361.6(a) also provides for the periodic audits of each carrier's participation in the pools. Under its contract with the Insurance Department, Alicare, Inc. has been authorized to act on the Department's behalf in the conduct of such audits, and all carriers participating in the pools are required to supply Alicare, Inc. with any pool related data needed to conduct said audits and to cooperate in and facilitate the audit process.

Data submitted by hardcopy, diskette or CD, and written certifications should be mailed to following address:

New York Market Stabilization Pools
c/o Alicare, Inc. - Finance Dept.
10th Floor
730 Broadway
New York, New York 10003-9511

Attn: Martin Cohen, ASA
Vice President and Chief Actuary

For answers to any filing or reporting questions regarding the pools, you may contact Alicare's Melanie Kwan at 212 539-5251 or Martin Cohen at 212 539-5383. For any other questions you may contact James Carroll at the New York State Insurance Department at (518) 474-8975 or by e-mail at jcarroll@ins.state.ny.us.

Very truly yours,

Charles S. Henricks
Co-Chief, Health Bureau

Very truly yours,

Thomas Zyra
Co-Chief, Health Bureau