

SERFF Tracking Number: GDPR-126384423 State: Arkansas  
Filing Company: The Prudential Insurance Co. of America State Tracking Number: 44124  
Company Tracking Number: AR 09 HB 1930 HS  
TOI: H15I Individual Health - Sub-TOI: H15I.001 Health - Hospital/Surgical/Medical  
Hospital/Surgical/Medical Expense Expense  
Product Name: Individual Health Hospital Surgical Insurance  
Project Name/Number: Hearing Aids/AR 09 HB 1930 HS

## Filing at a Glance

Company: The Prudential Insurance Co. of America

Product Name: Individual Health Hospital Surgical Insurance SERFF Tr Num: GDPR-126384423 State: Arkansas

TOI: H15I Individual Health - Hospital/Surgical/Medical Expense SERFF Status: Closed-Withdrawn State Tr Num: 44124

Sub-TOI: H15I.001 Health - Hospital/Surgical/Medical Expense Co Tr Num: AR 09 HB 1930 HS State Status: Withdrawn

Filing Type: Form/Rate

Reviewer(s): Rosalind Minor  
Author: Laura Quinn Disposition Date: 11/30/2009  
Date Submitted: 11/18/2009 Disposition Status: Withdrawn

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

## General Information

Project Name: Hearing Aids

Project Number: AR 09 HB 1930 HS

Requested Filing Mode: Review & Approval

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact:

Filing Status Changed: 11/30/2009

Deemer Date:

Submitted By: Laura Quinn

Status of Filing in Domicile: Not Filed

Date Approved in Domicile:

Domicile Status Comments: Prudential is not required to file this endorsement in its domicile.

Market Type: Individual

Group Market Size:

Group Market Type:

Explanation for Other Group Market Type:

State Status Changed: 11/30/2009

Created By: Laura Quinn

Corresponding Filing Tracking Number: AR 09 HB 1930 HS

PPACA: Pre-PPACA Submission

Filing Description:

The Prudential Insurance Company of America

Individual Health Hospital Surgical Expense Insurance

Endorsement Form: AR 09 HB 1930 HS (Hearing Aids) and Related Actuarial Memorandum for Hospital Surgical Policy Forms SA BH-65, SA CC-65, SA CCL-65, SA CCL-79A, SA CI-65, SA DH-65, SA F-63, and SA T-63



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Hospital/Surgical/Medical Expense Expense  
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Project Name/Number: Hearing Aids/AR 09 HB 1930 HS

Prudential has authorized us to make this filing on its behalf, as set forth in the enclosed Letter of Authorization. Should you required additional information for the completion of this filing, please let us know.

Yours truly,

Laura E. Quinn  
Senior Paralegal  
Goodwin|Procter LLP

Email: lquinn@goodwinprocter.com  
Telephone: 800-341-9867

## Company and Contact

### Filing Contact Information

Laura Quinn, Senior Paralegal lquinn@goodwinprocter.com  
Goodwin Procter LLP 800-341-9867 [Phone]  
901 New York Avenue, N.W. 202-346-4000 [FAX]  
Washington, DC 20001

### Filing Company Information

(This filing was made by a third party - goodwinprocterllp)

The Prudential Insurance Co. of America CoCode: 68241 State of Domicile: New Jersey  
751 Broad Street Group Code: 304 Company Type: LAH  
Newark, NJ 07102 Group Name: Prudential of Amer State ID Number:  
(800) 341-9867 ext. [Phone] FEIN Number: 22-1211670

## Filing Fees

Fee Required? Yes  
Fee Amount: \$70.00  
Retaliatory? No  
Fee Explanation: rate filing fee (\$50.00) + endorsement filing fee (\$20.00)= \$70.00

Prudential's domicile, New Jersey, does not charge fees for rates or forms, therefore the total fee charged for this filing is \$70.00

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Project Name/Number: Hearing Aids/AR 09 HB 1930 HS  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
The Prudential Insurance Co. of America	\$70.00	11/18/2009	32135699

SERFF Tracking Number: *GDPR-126384423* State: *Arkansas*  
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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Withdrawn	Rosalind Minor	11/30/2009	11/30/2009

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Bulletin 7A-2000	Note To Reviewer	Laura Quinn	11/20/2009	11/20/2009
Revised Bulletin 7A-2009	Note To Filer	Rosalind Minor	11/19/2009	11/19/2009



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<b>Schedule</b>	<b>Schedule Item</b>	<b>Schedule Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Flesch Certification	Withdrawn	No
<b>Supporting Document</b>	Application	Withdrawn	No
<b>Supporting Document</b>	Health - Actuarial Justification	Withdrawn	No
<b>Supporting Document</b>	Outline of Coverage	Withdrawn	No
<b>Supporting Document</b>	Letter of Authorization	Withdrawn	No
<b>Form</b>	Endorsement	Withdrawn	No
<b>Rate</b>	Actuarial Memorandum	Withdrawn	No





# Arkansas Insurance Department

Mike Beebe  
Governor



Jay Bradford  
Commissioner

BULLETIN NO. 7A - 2009

TO: ALL LICENSED INSURERS, HEALTH MAINTENANCE ORGANIZATIONS (HMOs), FRATERNAL BENEFIT SOCIETIES, FARMERS' MUTUAL AID ASSOCIATIONS OR COMPANIES, HOSPITAL MEDICAL SERVICE CORPORATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, PRODUCER AND COMPANY TRADE ASSOCIATIONS, AND OTHER INTERESTED PARTIES.

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: ACT 1179 OF 2009- MANDATORY OFFERING FOR COVERAGE OF HEARING AIDS

EFFECTIVE DATE: JANUARY 1, 2010

DATE: November 18, 2009

Bulletin 7A-2009 replaces Bulletin 7-2009 in its entirety.

The Department is issuing this Bulletin to advise all insurance companies and other interested parties of the requirements set forth in Act 1179 of 2009. This Act requires all individual and group policies and certificates offered, issued or renewed in Arkansas on or after January 1, 2010, to offer coverage for hearing aids.

The minimum amount of coverage that must be offered cannot be less than one thousand, four hundred dollars (\$1,400) per ear for each three-year period. The benefit for hearing aids cannot be subject to any deductibles or copayment requirements. However, the benefit may be subject to co-insurance provisions. The hearing aid must be dispensed by an individual properly licensed by the State of Arkansas.

This Act will apply to all insurance companies offering, issuing or renewing individual or group policies or certificates in Arkansas. This Act does not apply to hospital medical service corporations or health maintenance organizations. In addition, this Act is not applicable to Medicare supplement policies and certificates, individual limited benefit policies, qualified high deductible health plans, and long-term care policies and certificates. In regards to individual major medical policies, the mandatory offering will only apply to policies offered and sold after January 1, 2010.

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## Form Schedule

**Lead Form Number: AR 09 HB 1930 HS**

Schedule Item	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
Withdrawn 11/30/2009	AR 09 HB 1930 HS	Policy/Cont ract/Fratern al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Policy/Cont ract/Fratern al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial		39.400	AR 09 HB 1930 HS.pdf

# THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

NEWARK, NEW JERSEY

## ENDORSEMENT

Effective January 1, 2010 or as of the effective date of Your Policy, whichever is later, [varies by policy\*] is amended to add the following provision, conditioned on the timely payment of the supplemental premium required for this optional benefit:

Coverage is provided for a hearing aid or hearing instrument sold by a professional licensed by the state of Arkansas to dispense a hearing aid or hearing instrument.

The maximum benefit for hearing aids is one thousand four hundred dollars (\$1,400) per ear for each three-year period.

For the purpose of this coverage, "hearing aid" means an instrument or device, including repair and replacement parts, that:

1. is designed and offered for the purpose of aiding persons with or compensating for impaired hearing;
2. is worn in or on the body; and
3. is generally not useful to a person in the absence of a hearing impairment.

Coverage for hearing aids is not subject to deductibles or any coinsurance, but is subject to all other terms and conditions of Your Policy.

The Prudential Insurance Company of America

By

Secretary

[\*The following words will appear:

BH-65, CC-65, CCL-65, CI -65, DH-65, F-63, T-63: Benefit Provisions  
CCL-79A: Benefits]

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 Product Name: *Individual Health Hospital Surgical Insurance*  
 Project Name/Number: *Hearing Aids/AR 09 HB 1930 HS*

## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
Withdrawn 11/30/2009	Actuarial Memorandum	CC-65 CCL-65 CI-65 DH-65, T-53 and CCL-79A, F-63	New		AR Act Memo for optional hearing aid benefit.pdf

## ACTUARIAL MEMORANDUM

The Prudential Insurance Company of America  
Policy Forms MM-65, XH-65, BH-65, CC-65, CCL-65, CI-65, DH-65, F-63, T-63, CCL-79A

### I. Purpose of Filing

This actuarial memorandum has been prepared for the purpose of proposing the additional premium required due to the addition of mandated hearing aid coverage as a required benefit.

### II. Gross Annual Costs per Insured

Act 1179 of 2009 from the Arkansas Insurance Department requires all individual and group policies and certificates issued or renewed in Arkansas on or after January 1, 2010, to offer coverage for hearing aids. The minimum amount of coverage that must be offered cannot be less than one thousand, four hundred dollars (\$1,400) per ear for each three-year period. The benefit for hearing aids cannot be subject to any deductibles or copayment requirements. The hearing aid must be dispensed by an individual properly licensed by the State of Arkansas.

The Center for Disease control reported the following hearing ability levels for persons 18 years of age and over<sup>1</sup>:

#### Hearing Ability Levels for Persons 18 Years of Age and Over [excerpt]

Persons 18 years of age and over	Count (in thousands)
Hearing characterized as "a lot of trouble or deaf"	6,251
Total	201,698

Using the above information, 3.10% of persons 18 years of age or over have a hearing impairment.

The following calculations assume that all persons who have "a lot of trouble" hearing will use hearing aids. The cost of hearing aids is \$2,800 per individual once every 3 years.

The annual cost per insured individual for coverage is calculated as follows:

$$3.10\% * \$2,800 * 1/3 = \$28.93$$

<sup>1</sup> "Vital and Health Statistics: Summary Health Statistics for U.S. Adults: National Health Interview Survey, 2000", Table 11. Series 10: Data From the National Health Survey No. 215, US Department of Health and Human Services. Hyattsville, MD. December 2003. Access Date: 11/11/09.  
<[http://www.cdc.gov/nchs/data/series/sr\\_10/sr10\\_215.pdf](http://www.cdc.gov/nchs/data/series/sr_10/sr10_215.pdf)>

## ACTUARIAL MEMORANDUM

The Prudential Insurance Company of America  
Policy Forms MM-65, XH-65, BH-65, CC-65, CCL-65, CI-65, DH-65, F-63, T-63, CCL-79A

### III. Adjustment Factors

We are assuming a target loss ratio of 60% which is the current minimum loss ratio for new policies for these types of business (including adjustments for high average premium policies), according to the NAIC's *Guidelines for Filing of Rates for Individual Health Insurance Forms*. Since Arkansas does not have any published minimum loss ratios requirements for these types of business, I chose to use the NAIC guidelines to determine target loss ratios for this filing, as I believe they provide a conservative basis for such a target.

The price for policyholders for any of the newly mandated benefits is calculated as follows:

$$\frac{\text{Annual Cost per Insured}}{\text{Minimum loss ratio (60\%)}} = \text{Annual Mandate Premium}$$

The annual premium for hearing aid coverage is

$$\$28.93 / 60\% = \$48.22$$

This is the annual premium rate applicable for insureds with policy forms MM-65, XH-65, BH-65, CC-65, CCL-65, CI-65, DH-65, F-63, T-63, CCL-79A

The appropriate above-calculated annual premium will be added to the current premium for all referenced policy forms. All area factors and modal adjustments will then be made as outlined in the current premium rate tables.

### IV. Demonstration of Satisfaction of Loss Ratio Requirements

As shown above, the future expected loss ratios meets the minimum loss ratio of 60% for hospital and medical expense policies.

## ACTUARIAL MEMORANDUM

The Prudential Insurance Company of America  
Policy Forms MM-65, XH-65, BH-65, CC-65, CCL-65, CI-65, DH-65, F-63, T-63, CCL-79A

### V. Actuarial Certification

In my opinion, this actuarial memorandum has been developed using reasonable and appropriate assumptions and methods. Therefore, I believe the benefits to be reasonable in relation to the resulting rates, under the standards described above.

*Sue Patel*

\_\_\_\_\_  
Sue U. Patel, ASA, MAAA  
Vice President, Actuarial

*11/16/09*

\_\_\_\_\_  
Date

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<i>Product Name:</i>	<i>Individual Health Hospital Surgical Insurance</i>		
<i>Project Name/Number:</i>	<i>Hearing Aids/AR 09 HB 1930 HS</i>		

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Flesch Certification	Withdrawn	11/30/2009

**Comments:**

As permitted by Arkansas Code §23-80-207, we hereby request that you approve this endorsement notwithstanding its Flesch reading ease score of 39.4. The lower score is wholly caused by policy language that is drafted to conform to the requirements of the state mandated benefit law. As you can see, the endorsement tracks the language of the law in order to ensure that the endorsement accurately captures the intended scope and terms of coverage. Also, the endorsement contains medical terminology. A certificate of readability is enclosed.

**Attachments:**

Readability Cert AR 09 HB 1930 HS.pdf  
Flesch Score AR 09 HB 1930 HS.pdf

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Application	Withdrawn	11/30/2009
<b>Bypass Reason:</b>	This requirement is not applicable to the form that is the subject of this filing because the form is an endorsement that will be used to bring inforce policies into compliance with a state mandated health benefit law.	

**Comments:**

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Outline of Coverage	Withdrawn	11/30/2009
<b>Bypass Reason:</b>	This requirement is not applicable to the form that is the subject of this filing because the form is an endorsement that will be used to bring inforce policies into compliance with a state mandated health benefit law.	

**Comments:**

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Letter of Authorization	Withdrawn	11/30/2009

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*Project Name/Number: Hearing Aids/AR 09 HB 1930 HS*

**Comments:**

Prudential has authorized us to make this filing on its behalf, as set forth in the enclosed Letter of Authorization.

**Attachment:**

Jan 2009 Letter of Authorization.pdf



**Sue U. Patel, ASA, MAAA**  
Vice President, Actuarial  
Enterprise Discontinued Business Solutions

**The Prudential Insurance Company of America**  
751 Broad Street, Newark NJ 07102  
Tel 973 367-3011 Fax 973 367-8737  
surangi.patel@prudential.com

### CERTIFICATION

Form Number: AR 09 HB 1930 HS

In accordance with Arkansas Statute § 23-80-206 (d), I certify that the Flesch score for this form (including all of its words) is lower than the minimum required, but that it should be approved as permitted by §23-80-207. I further certify that the lower score is caused by policy language that has been drafted to conform to the requirements of Arkansas mandated benefit law, and because the score is warranted by the nature of the policy form (a health insurance endorsement containing medical terminology).

A handwritten signature in cursive script that reads "Surangi Patel".

\_\_\_\_\_  
Surangi Patel  
Vice President, Actuarial

11/13/09  
\_\_\_\_\_  
Date

AR 09 HB 1930 HS.doc - Microsoft Word

File Edit View Workshare Insert Format Tools Table Goodwin Tools Window WorkSite Help Forms Assistant Type a question for help

1 2 3 4 5 6 7 8 9 Restart Continue Modify Hdg Reset Scheme Sub-# Embed Hdg Insert TOC

Insert Flags Update Flags Hide/Show Flags Delete Flags Pleadings Times New Roman 14 B U Redefine Style

LMFAP

### Readability Statistics

Counts	
Words	217
Characters	1093
Paragraphs	19
Sentences	4
Averages	
Sentences per Paragraph	1.0
Words per Sentence	21.5
Characters per Word	4.7
Readability	
Passive Sentences	25%
Flesch Reading Ease	39.4
Flesch-Kincaid Grade Level	13.1

THE PRUDEN OF AMERICA

Effective January 1, 2010, [policy\*] is amended to add [whichever is later, [varies by timely payment of the supplemental premium required for this optional benefit:

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Page 1 Sec 1 1/1 At 1" Ln 1 Col 1 REC TRK EXT OVR

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**Sue U. Patel, ASA, MAAA**

Vice President, Actuarial

Enterprise Discontinued Business Solutions

**The Prudential Insurance Company of America**

751 Broad Street, Newark NJ 07102

Tel 973 367-3011 Fax 973 367-8737

surangi.patel@prudential.com

### Letter of Authorization

TO: Department of Insurance

Prudential Insurance Company of America ("Prudential") has entered into an agreement with Goodwin Procter LLP (with which Shea & Gardner has combined) for Goodwin Procter LLP to perform individual health insurance policy endorsement filing services on Prudential's behalf. The agreement provides, in part, that Goodwin Procter LLP is authorized to prepare and file for approval with state insurance departments, endorsements, or similar documents relating to Prudential's individual health insurance policies. Goodwin Procter LLP is also authorized to receive and to make, on Prudential's behalf, written and oral communications with state insurance departments for the purpose of completing the filing process.

Please accept this letter of authorization for the purpose stated above. This letter of authorization will expire on December 31, 2009. Should you have any questions regarding this matter, please contact me at the address stated above.

A handwritten signature in blue ink, appearing to read "Sue U. Patel", written over a horizontal line.

Sue U. Patel

Vice President, Actuarial