

**2740.9991 EXAMPLE I.****Subpart 1. Use of actuarial equivalence test.**

A. Question: Is the following plan actuarially equivalent to any Minnesota qualified plan?

Surgery	Includes Assistant Surgeon and Administration of Anesthesia
Deductible:	\$100
Coinsurance:	80/20
Maximum:	\$250,000
Maternity:	Any complications
Student dependents:	To age 23
Limits on specified benefits	Outpatient mental limited to Minnesota
Required benefits	—
Excluded care	Home health care
Out-of-pocket limit	\$3,000 per year
Coordination of benefits	Yes, but no COB for no-fault.

B. Answer (calculated January 1, 1985): test result is 1186 points. This plan is a Minnesota qualified plan number 2.

Subp. 2. **Worksheet.** Test for actuarial equivalence other than Medicare supplement plans.

## A. Worksheet.

## Major Medical

Subparts of part 2740.9964	Benefit	Basic	Superimposed	Comprehensive
	1. Hospital room and board			363
	2. Hospital extras			480
	3. Surgery			243
	4. Physician care; home, office			215
	5. Physician care; hospital			51
	6. Maternity			25

7. Diagnostic X-ray and lab	105
8. Drugs and medicine	100
9. Radioactive therapy	15
10. Nursing/convalescent facility	16
11. Home health care	0
12. Physical therapy	10
12. Oxygen	4
12. Prostheses	5
12. Durable medical equipment	5
12. Second opinion surgery	2
12. Private duty nursing	2
12. Ambulance	3
13. Hospital room and board in full	
14. All hospital expenses in full	
15. Major medical maximums	-12
Subtotal reasonable and customary medical services	1632
16. Deductible	-138
16. Coinsurance	-299
Subtotal net of deductible and coinsurance	1195
17. Adjust (comb. medical/dental ded.)	
18. COB/No-fault	-48
19. Limit on "out-of-pocket" expenses	35
20. Well baby care	
21. Emergency and supplemental accident	
22. Student dependents	4
23.-25. Superimposed major medical	
Grand Total	1186
Combined basic and superimposed	XXX
	XXX

Equivalent to Minnesota qualified plan number   2    
nonqualified           

Date                                      By                                     

**B. Miscellaneous calculations.**

(1) The maximum in the policy (\$250,000) divided by the COMP factor (1.121) is \$223,015. This is 82.01 percent of the difference between the \$100,000 and \$250,000 maximums in part 2740.9964, subpart 15. The points would be minus 27 plus .8201 times 15 or -14.70 points.

(2) The deductible in the policy (\$100) divided by the COMP factor (1.121) is 89.21. This is 78.41 percent of the difference between the \$50 and \$100 deductibles in part 2740.9964, subpart 16. Points deducted for the deductible would be 85 plus .7841 times 85 or 151.65. Since the total points in the policy before the deductible is significantly less than 1800, multiply 151.65 by (1632/1800). The result is 137.50.

(3) The out-of-pocket maximum is \$3,000. The maximum claim when the out-of-pocket is reached is \$14,600. This divided by the COMP factor (1.121) is 13,024. This is 10.29 percent of the difference between the \$13,000 and \$14,400 maximum claim when out-of-pocket is reached. The adjustment for the out-of-pocket limit is 36 minus .1029 times 6 or 35.38.

**Statutory Authority:** *MS s 62E.09*

**History:** *10 SR 474*

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