

2740.9993 EXAMPLE III.**Subpart 1. Use of actuarial equivalence test.**

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

Hospital:	\$80 per day, 120 days, \$2,000 extras.
Surgery:	\$1,500 maximum surgical schedule, add ten percent for administration of anesthesia.
Coordination of benefits	Yes, does not include no-fault
Superimposed major medical:	
Deductible:	\$200 corridor per calendar year
Coinsurance:	80/20
Maximum:	\$250,000
Maternity:	Any complications
Student dependents:	No
Out-of-pocket limit:	\$3,000
Excluded care:	Home health care and skilled nursing care
Limits on specified benefits:	
1. Room and board	\$200 less basic benefits.
	Unlimited days
Coordination of benefits	Yes, does not include no-fault

B. Answer (calculated January 1, 1985): test result is 1147 points. This plan is a Minnesota qualified plan number two.

Subp. 2. Worksheet.

A. Test for actuarial equivalence other than Medicare supplement plans.

Major Medical

Subpart
of part

2740.9964	Benefit	Basic	Superimposed	Comprehensive
	1. Hospital room and board	128	-26	
	2. Hospital extras	290		
	3. Surgery	114		

4. Physician care; home, office	
5. Physician care; hospital	
6. Maternity	
7. Diagnostic X-ray and lab	
8. Drugs and medicine	
9. Radioactive therapy	
10. Nursing/convalescent facility	-13
11. Home health care	-6
12. Physical therapy	
12. Oxygen	
12. Prostheses	
12. Durable medical equipment	
12. Second opinion surgery	
12. Private duty nursing	
12. Ambulance	
13. Hospital room and board in full	
14. All hospital expenses in full	
15. Major medical maximums	
Subtotal reasonable and customary medical services	532
16. Deductible	
16. Coinsurance	
Subtotal net of deductible and coinsurance	
17. Adjust (comb. medical/dental ded.)	
18. COB/No-fault	21
19. Limit on "out-of-pocket" expenses	
20. Well baby care	
21. Emergency and supplemental accident	
22. Student dependents	
23.-25. Superimposed major medical	681

Grand Total	511	636	
Combined basic and superimposed	1147	XXX	XXX

Equivalent to Minnesota qualified plan number 2
nonqualified

Date By

B. Miscellaneous calculations.

(1) Since the room and board limit is less than the ASP factor, the number of points will equal 351 times the ratio of 80 to 220.

(2) The \$2,000 maximum divided by 1.155 is 1731.60. This is 73.16 percent of the difference between the \$1,000 and \$2,000 maximums in the table. The points would be 217 plus .7316 times (317 - 217) or 290.16 points.

(3) The surgical schedule is the same as in example II in part 2740.9992 value. The value of the table is 1840.1 for the \$1,500 maximum. The points excluding administration of anesthesia is 243 times 1840.1 divided by 4320.00 or 103.51 points. The administration of anesthesia would add 10.35 points.

(4) The \$200 corridor deductible would be adjusted before entering part 2740.9964, subpart 24. The adjusted deductible would be 200 divided by 1.121 or 178.41. Since this is 78.41 percent of the way between the \$100 and \$200 deductibles, the points would be 740 minus .7841 times (740-665) or 681.19 points.

(5) Home health care and skilled nursing home care are excluded. Therefore we should deduct 80 percent of their points shown in part 2740.9964, subparts 10 and 11.

(6) Hospital room and board is limited to \$200 per day less what the basic benefit pays. The adjustment should equal .8 (363 times 20 divided by 220) or 26.4 points.

Statutory Authority: *MS s 62E.09*

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