



1 health maintenance organization which is advertised, marketed or  
2 designed primarily as a supplement to reimbursements under Medicare  
3 for the hospital, medical or surgical expenses of persons eligible  
4 for Medicare. Such term does not include:

5 a. a policy or contract of one or more employers or labor  
6 organizations, or of the trustees of a fund  
7 established by one or more employers or labor  
8 organizations, or combination thereof, for employees  
9 or former employees, or combination thereof, or for  
10 members or former members, or combination thereof, of  
11 the labor organizations, or

12 b. a policy or contract of any professional, trade or  
13 occupational association for its members or former or  
14 retired members, or combination thereof, if such  
15 association:

16 (1) is composed of individuals all of whom are  
17 actively engaged in the same profession, trade or  
18 occupation,

19 (2) has been maintained in good faith for purposes  
20 other than obtaining insurance, and

21 (3) has been in existence for at least two (2) years  
22 prior to the date of its initial offering of such  
23 policy or plan to its members, or  
24

1 c. individual policies or contracts issued pursuant to a  
2 conversion privilege under a policy or contract of  
3 group or individual insurance; and

4 3. "Direct response Medicare supplement policy" means a policy  
5 of insurance which is advertised, marketed or designed primarily as  
6 a supplement to reimbursements under Medicare for the hospital,  
7 medical or surgical expenses of persons eligible for Medicare issued  
8 as a result of solicitation of individual insureds by mail or by  
9 mass media advertising.

10 B. The Commissioner shall issue reasonable regulations to  
11 establish minimum standards for benefit claims payment, marketing  
12 practices, compensation arrangements, and reporting practices for  
13 Medicare supplement policies. The Commissioner shall issue  
14 reasonable regulations to provide for an open enrollment period for  
15 those persons who qualify as disabled pursuant to federal Medicare  
16 guidelines.

17 C. A Medicare supplement policy may not deny a claim for losses  
18 incurred more than six (6) months from the effective date of  
19 coverage for a preexisting condition. The policy may not define a  
20 preexisting condition more restrictively than "a condition for which  
21 medical advice was given or treatment was recommended by or received  
22 from a physician within six (6) months before the effective date of  
23 coverage".

1       D. Any premium rate filing for a Medicare supplement policy  
2 shall be filed with and approved by the Insurance Commissioner and  
3 communicated to the policyholder on or after September 1 but no  
4 later than October 30 of each year. Such premium increases shall be  
5 effective January 1 of the following year.

6       E. A Medicare supplement policy shall be expected to return to  
7 the policyholder benefits which are reasonable in relation to the  
8 premium charged. The Commissioner shall issue regulations to  
9 establish minimum standards for loss ratios of Medicare supplement  
10 policies on the basis of incurred claims experience, or incurred  
11 health care expenses where coverage is provided by a health  
12 maintenance organization on a service rather than reimbursement  
13 basis, and earned premiums for the period of coverage for which  
14 rates are computed and in accordance with accepted actuarial  
15 principles and practices.

16       ~~E.~~ F. 1. No Medicare supplement policy or certificate issued  
17 pursuant to a group Medicare supplement policy shall be delivered or  
18 issued for delivery in this state unless an outline of coverage is  
19 provided to the applicant at the time application is made.

20       2. The Commissioner shall prescribe by regulation the contents  
21 and a standard form of an informational brochure for persons  
22 eligible for Medicare which is intended to improve the buyer's  
23 ability to select the most appropriate coverage and improve the  
24 buyer's understanding of Medicare. The Commissioner may require by

1 regulation that the informational brochure be provided with the  
2 outline of coverage to any prospective insureds eligible for  
3 Medicare. With respect to direct response policies, the  
4 Commissioner may require that the prescribed brochure and outline of  
5 coverage be provided upon request to any prospective insureds  
6 eligible for Medicare, but in no event later than the time of policy  
7 delivery.

8 3. The Commissioner may require notice provisions, designed to  
9 inform prospective insureds that particular insurance coverages are  
10 not Medicare supplement coverages, for all accident and health  
11 insurance policies sold to persons eligible for Medicare by reason  
12 of age, other than:

- 13 a. Medicare supplement policies,
- 14 b. disability income policies,
- 15 c. basic, catastrophic, or major medical expense  
16 policies,
- 17 d. single premium, nonrenewable policies, or
- 18 e. other policies defined by regulation of the  
19 Commissioner.

20 4. The Commissioner may adopt from time to time, such  
21 reasonable regulations as are necessary to conform Medicare  
22 supplement policies and certificates to the requirements of federal  
23 law and regulations promulgated thereunder, including but not  
24 limited to:

- a. requiring refunds or credits if the policies or certificates do not meet loss ratio requirements,
- b. establishing a uniform methodology for calculating and reporting loss ratios,
- c. assuring public access to policies, premiums and loss ratio information of issuers of Medicare supplement insurance, and
- d. establishing a policy for holding public hearings prior to approval of premium increases.

~~F.~~ G. Medicare supplement policies or certificates shall have a notice prominently printed on the first page of the policy or certificate, or attached thereto, stating that the applicant shall have the right to return the policy or certificate within thirty (30) days of its delivery and to have the premium refunded if, after examination of the policy or certificate, the applicant is not satisfied for any reason. A direct response policy issued to persons eligible for Medicare shall have a notice prominently printed on the first page, or attached thereto, stating that the applicant shall have the right to return the policy or certificate within thirty (30) days of its delivery and to have the premium refunded if, after examination, the applicant is not satisfied for any reason.

~~G.~~ H. The Insurance Commissioner shall have the authority to employ actuaries, statisticians, accountants, auditors,

1 | investigators, or any other technicians as the Insurance  
2 | Commissioner may deem necessary or beneficial to examine any  
3 | Medicare supplement filings made by insurers or rating organizations  
4 | and to examine such records of the insurers or rating organizations  
5 | as may be deemed appropriate in conjunction with the Medicare  
6 | supplement filing in order to determine that the rates or other  
7 | filings are consistent with the terms, conditions, requirements and  
8 | purposes of the Insurance Code, and to verify, validate and  
9 | investigate the information upon which the insurer or rating  
10 | organization relies to support such filing.

11 |       1. The Commissioner shall maintain a list of technicians who  
12 | are proficient in the line of Medicare supplement insurance. If the  
13 | Commissioner determines that it is necessary to utilize the services  
14 | of such a technician, the Commissioner shall employ the next  
15 | available technician in rotation on the list.

16 |       2. All reasonable expenses incurred in such filing review shall  
17 | be paid by the insurer or rating organization making the filing.

18 |       SECTION 2. This act shall become effective July 1, 2019.

19 |       SECTION 3. It being immediately necessary for the preservation  
20 | of the public peace, health or safety, an emergency is hereby  
21 | declared to exist, by reason whereof this act shall take effect and  
22 | be in full force from and after its passage and approval.

23 | COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 04/02/2019 - DO  
24 | PASS.