

MAINE STATE LEGISLATURE

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R. of S.

L.D. 2144

(Filing No. S-604)

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STATE OF MAINE
SENATE
115TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 840, L.D. 2144, Bill, "An Act to Amend the Law Pursuant to the Medicare Supplement Insurance Minimum Standards Model Act"

Amend the bill by striking out the title and substituting the following:

'An Act to Amend the Law Pursuant to the Medicare Supplement Insurance Minimum Standards Model Act and to Provide Consumer Information for Purchasers of Insurance'

Further amend the bill in section 2 in that part designated "~~§5001-A~~" in subsection 1 in the 2nd line (page 3, line 12 in L.D.) by striking out the following: "section 5004" and inserting in its place the following: 'sections 5004 and 5013'

Further amend the bill in section 7 in that part designated "~~§5005~~" by inserting after subsection 3-A the following:

'3-B. Application forms; health statements. Additional disclosure is required in applications or enrollment forms employed on or after January 1, 1993.

A. An issuer including health status questions in an application or enrollment form employed during an applicant's open enrollment period shall disclose that coverage in any plan offered by the issuer is guaranteed to be issued and will be provided without regard to health status.

B. An issuer including health status questions in an application or enrollment form shall disclose to applicants enrolling after their open enrollment period, including applicants replacing coverage, that enrollment in standard Medicare Supplement Plan A is guaranteed to be issued during the annual guaranteed issue period and will be provided without regard to health status.

COMMITTEE AMENDMENT

R.ORS

COMMITTEE AMENDMENT "A" to S.P. 840, L.D. 2144

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C. Enrollment or application forms employed to effect the replacement of coverage provided by section 5010 must disclose that:

(1) For all persons, coverage in the standardized Medicare supplement plans that do not contain an outpatient prescription drug benefit is guaranteed to be issued and will be provided without regard to health status and without preexisting conditions exclusions, waiting periods, elimination periods or probationary periods for similar benefits to the extent time was spent under prior coverage; and

(2) For persons with existing prescription drug coverage, coverage in the standardized Medicare supplement plans that do not contain an outpatient prescription drug benefit greater than that provided by the plan that is in force is guaranteed to be issued and will be provided without regard to health status and without preexisting conditions exclusions, waiting periods, elimination periods or probationary periods for similar benefits to the extent time was spent under prior coverage.

D. For purposes of this section, an open enrollment period is the 6-month period beginning with the first month in which an individual who is 65 years of age or older first enrolled for benefits under Medicare Part B.'

Further amend the bill by striking out all of section 13 and inserting in its place the following:

'Sec. 13. 24-A MRSA §§5010, 5011 5012 and 5013 are enacted to read:

§5010. Replacement of policies issued prior to January 1, 1992

1. Applicability. This section applies to individual policies and group certificates and policies issued in Maine or covering Maine residents.

2. Insured's right to replace coverage. Insureds under Medicare supplement policies issued prior to January 1, 1992 must be permitted at any time to replace their coverage with any of the standardized plans offered by the same issuer, subject to the following conditions.

A. The issuer may decline to issue a particular standardized plan to an existing insured if:

2 (1) The standardized plan includes coverage of
3 prescription drugs greater than that in the plan being
4 replaced; and

6 (2) The insured does not otherwise qualify for the
7 standardized plan.

8 B. If the standardized plan is rated on the basis of age at
9 issue, the issuer shall use the insured's age at the time of
10 issue of the prior policy.

12 C. The issuer shall provide at each policy anniversary, and
13 at the time of any rate increase, a notice describing the
14 standardized plans which are available and the rates for
15 those plans.

16 3. Mandatory replacement. Prior to October 1, 1992, all
17 issuers shall submit to the superintendent a copy of each
18 Medicare supplement policy form for which policies issued prior
19 to January 1, 1992 are in force in Maine and a list of
20 standardized plans offered on the effective date of this
21 section. The issuer shall designate the standardized plan, if
22 any, that has substantially similar benefits to the policy issued
23 prior to January 1, 1992. For any of the policies that the
24 superintendent determines are substantially similar to one of the
25 offered standardized plans, the issuer shall replace the policy
26 with the similar standardized plan or, at the option of the
27 insured, one of the other standardized plans selected by the
28 insured pursuant to subsection 1, on or before the first policy
29 anniversary after June 30, 1993.

32 **§5011. Rating restrictions**

34 1. Community rating. This subsection applies to any policy
35 delivered or issued for delivery on or after January 1, 1993. It
36 also applies, as of the first policy or certificate anniversary
37 on or after January 1, 1993, to policies or certificates
38 delivered or issued for delivery in 1992.

40 A. Rates for policies subject to this subsection may not
41 vary based on age, gender, health status, claims experience,
42 policy duration, industry or occupation.

44 B. In revising rates for a standardized plan, an issuer
45 shall pool all experience for that plan under individual
46 policies. Group plans may be rated separately. A group
47 with credible experience may be rated differently than other
48 groups.

2 2. Discounts. Issuers that do not vary rates for a
3 standardized plan based on age, gender, health status, claims
4 experience, policy duration, industry or occupation, and that do
5 not refuse issue of that plan to any individual or group based on
6 health status, may provide discounts on that plan to individuals
7 who purchase coverage during their initial period of eligibility
8 for Medicare Part A by reason of age, subject to approval by the
9 superintendent. The superintendent may adopt rules governing the
10 appropriate use of discounts.

11 **§5012. Annual guaranteed issue period**

12 During a guaranteed issue period of at least one month each
13 calendar year, as established by the issuer, every issuer shall
14 offer standardized Medicare Supplement Plan A, as defined by
15 rule, to all applicants on a basis that does not deny coverage to
16 any individual or group based on health status, claims
17 experience, receipt of health care, or medical condition.

18 **§5013. Notice regarding policies that are not Medicare**
19 **supplement policies**

20 Any individual accident and sickness insurance policy or
21 group insurance certificate, including the contract of a
22 nonprofit hospital and medical service or health care plan issued
23 for delivery in this State to persons eligible for Medicare by
24 reason of age must notify insureds that the policy or certificate
25 is not a Medicare supplement policy or certificate. The notice
26 must be either printed on or attached to the first page of the
27 outline of coverage delivered to insureds, or if no outline of
28 coverage is delivered, to the first page of the policy or
29 certificate. The notice must be in no less than 12-point type
30 and must contain the following language:

31 "THIS (POLICY OR CERTIFICATE) IS NOT A MEDICARE SUPPLEMENT
32 (POLICY OR CERTIFICATE). If you are eligible for Medicare,
33 review the Medicare Supplement Buyer's Guide available from
34 the company. If you have a Medicare supplement policy or
35 major medical policy, this coverage may be more than you
36 need. For information call the Bureau of Insurance at
37 (toll-free phone number)."

38 This section does not apply to a Medicare supplement policy;
39 a policy issued pursuant to a contract under the Federal Social
40 Security Act, 42 United States Code, Section 1833 or 1876; a
41 disability income policy; a single premium nonrenewable policy;
42 or a policy identified in section 5001-A, subsection 2.

43 **Sec. 14. Severability.** If the United States Secretary of
44 Health and Human Services concludes that the effect of inclusion
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COMMITTEE AMENDMENT "A" to S.P. 840, L.D. 2144

of the provisions in section 7 of this Act enacting the Maine Revised Statutes, Title 24-A, section 5005, subsection 4; in section 12 of this Act enacting Title 24-A, section 5010, subsection 3 and Title 24-A, section 5011 and Title 24-A, section 5012 in the State of Maine Medicare Supplement regulatory program prevents certification under the federal Social Security Act, 42 United States Code, Section 1395ss (b)(1), the provisions of those sections are null and void.

Sec. 15. Allocation. The following funds are allocated from Other Special Revenue to carry out the purposes of this Act.

1992-93

PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF

Bureau of Insurance

Positions	(0.5)
Personal Services	\$12,960
All Other	250
Capital Expenditures	3,000

Provides funds for the salary, fringe benefits and operating expenses of a part-time Market Conduct Examiner position and for one-time computer costs.

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION TOTAL

\$16,210

FISCAL NOTE

1992-93

APPROPRIATIONS/ALLOCATIONS

Other Funds	\$16,210
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The Bureau of Insurance will require an allocation of \$16,210 in fiscal year 1992-93 from available balances of Other Special Revenue Funds for one-time computer costs and for the salary and benefits of a part-time Market Conduct Examiner who will deal with additional requests for assistance with insurance policy analysis.'

STATEMENT OF FACT

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4 This amendment requires issuers of Medicare supplement
6 insurance policies to convert the old policies to substantially
8 similar new standardized policies. It requires community rating
of Medicare supplement policies issued or renewed after January
1, 1993.

10 This amendment provides a standard disclosure for all
12 policies that are not Medicare supplement policies. It refers
the purchaser to the Medicare Supplement Buyer's Guide, which is
available from the insurer. The amendment also adds a fiscal
note to the bill.

Reported by Senator Kany for the Committee on Banking and
Insurance. Reproduced and Distributed Pursuant to Senate
Rule 12.
(3/9/92) (Filing No. S-604)