

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1993

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Legislative Document

No. 1011

S.P. 337

In Senate, March 25, 1993

**An Act to Amend the Medicare Supplement Insurance Regulatory Program.**

(EMERGENCY)

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Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 24.  
Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator KIEFFER of Aroostook.  
Cosponsored by Senators: CAREY of Kennebec, McCORMICK of Kennebec, Representative:  
ERWIN of Rumford.

2           **Emergency preamble.** Whereas, Acts of the Legislature do not  
become effective until 90 days after adjournment unless enacted  
as emergencies; and

4           Whereas, federal law required the states to adopt the  
6           National Association of Insurance Commissioners' Medicare  
supplemental insurance minimum standards model act and rule prior  
8           to July 30, 1992; and

10          Whereas, immediate action is necessary to ensure that the  
State adopts those revisions required by the Health Care  
12          Financing Administration to prevent federal preemption of its  
Medicare supplemental insurance regulatory program; and

14          Whereas, in the judgment of the Legislature, these facts  
16          create an emergency within the meaning of the Constitution of  
Maine and require the following legislation as immediately  
18          necessary for the preservation of the public peace, health and  
safety; now, therefore,

20          **Be it enacted by the People of the State of Maine as follows:**

22                 **Sec. 1. 24-A MRSA §5001, sub-§4,** as amended by PL 1991, c.  
24                 740, §1, is further amended to read:

26                 **4. Medicare supplement policy.** "Medicare supplement policy"  
means a group or individual policy of accident and sickness  
28                 insurance or a subscriber contract of a nonprofit hospital or  
medical service organization or nonprofit health care plan or  
30                 health maintenance organization other than a policy issued  
pursuant to a contract under the federal Social Security Act, 42  
32                 United States Code, Section 1395, et. seq., Section 1876 1833 or  
Section 1833 1876 or an issued policy under a demonstration  
34                 project authorized pursuant to amendments to the federal Social  
Security Act, which is advertised, marketed or designed primarily  
36                 as a supplement to reimbursements under Medicare for the  
hospital, medical or surgical expenses of persons eligible for  
38                 Medicare.

40                 **Sec. 2. 24-A MRSA §5002-A, sub-§2,** as enacted by PL 1991, c.  
42                 740, §4, is amended to read:

44                 **2. Standardization.** The superintendent may adopt rules  
specifying the minimum Medicare supplement contract benefits  
46                 required in the State and the ~~optional~~ new and innovative  
benefits available for sale in the State. All other benefits or  
options are prohibited in a Medicare supplement contract subject  
48                 to this chapter.

50                 **Sec. 3. 24-A MRSA §5010, sub-§§2 and 3,** as enacted by PL 1991,  
c. 740, §13, are amended to read:

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

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

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

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

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

22           C. The insurer shall provide at each policy anniversary,  
24 and at the time of any rate increase, a notice describing  
the standardized plans which are available and the rates for  
26 those plans.

28           **3. Mandatory replacement.** Prior to October 1, 1992, all  
30 issuers shall submit to the superintendent a copy of each  
Medicare supplement policy form for which policies issued prior  
32 to January 1, 1992 are in force in Maine and a list of  
standardized plans offered on the effective date of this  
34 section. The issuer shall designate the standardized plan, if  
any, that has substantially similar benefits to the policy issued  
36 prior to January 1, 1992. For any of the policies that the  
superintendent determines are substantially similar to one of the  
38 offered standardized plans, the issuer shall replace the policy  
with the similar standardized plan or, at the option of the  
40 insured, one of the other standardized plans selected by the  
insured pursuant to subsection 1 2, on or before the first policy  
anniversary after June 30, 1993.

42           **Sec. 43 24-A MRSA §5013, 2nd ¶**, as enacted by PL 1991, c.  
44 740, §13, is amended to read:

46           This section does not apply to a Medicare supplement policy;  
48 a policy issued pursuant to a contract under the Federal Social  
Security Act, 42 United States Code, Section 1395, et seq.,  
50 Section 1833 or 1876; a disability income policy; a single  
premium nonrenewable policy; or a policy identified in section  
5001-A, subsection 2.

2           **Emergency clause.** In view of the emergency cited in the  
preamble, this Act takes effect when approved.

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#### STATEMENT OF FACT

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10           These changes reflect requests for revisions received by the  
Bureau of Insurance from the federal Health Care Financing  
Administration and are required prior to final certification of  
12           the State's Medicare supplemental insurance regulatory program.