



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

SB0147

Introduced 2/9/2021, by Sen. Laura M. Murphy

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/363

from Ch. 73, par. 975

Amends the Illinois Insurance Code. Provides that a Medicare supplement policyholder is entitled to an annual open enrollment period lasting 60 days or more, commencing with the individual's birthday, during which time that person may purchase any Medicare supplement policy that offers benefits equal to or lesser than those provided by the previous coverage. Provides that, during the open enrollment period, an issuer of a Medicare supplement policy shall not deny or condition the issuance or effectiveness of Medicare supplemental coverage, nor discriminate in the pricing of coverage, because of health status, claims experience, receipt of health care, or a medical condition of the individual if, at the time of the open enrollment period, the individual is covered under another Medicare supplement policy or contract. Requires an issuer to notify a policyholder of his or her rights under this subsection at least 30 days and no more than 60 days before the beginning of the open enrollment period, and on any notice related to a benefit modification or premium adjustment.

LRB102 11327 BMS 16660 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by  
5 changing Section 363 as follows:

6 (215 ILCS 5/363) (from Ch. 73, par. 975)

7 Sec. 363. Medicare supplement policies; minimum standards.

8 (1) Except as otherwise specifically provided therein,  
9 this Section and Section 363a of this Code shall apply to:

10 (a) all Medicare supplement policies and subscriber  
11 contracts delivered or issued for delivery in this State  
12 on and after January 1, 1989; and

13 (b) all certificates issued under group Medicare  
14 supplement policies or subscriber contracts, which  
15 certificates are issued or issued for delivery in this  
16 State on and after January 1, 1989.

17 This Section shall not apply to "Accident Only" or  
18 "Specified Disease" types of policies. The provisions of this  
19 Section are not intended to prohibit or apply to policies or  
20 health care benefit plans, including group conversion  
21 policies, provided to Medicare eligible persons, which  
22 policies or plans are not marketed or purported or held to be  
23 Medicare supplement policies or benefit plans.

1           (2) For the purposes of this Section and Section 363a, the  
2 following terms have the following meanings:

3           (a) "Applicant" means:

4                 (i) in the case of individual Medicare supplement  
5 policy, the person who seeks to contract for insurance  
6 benefits, and

7                 (ii) in the case of a group Medicare policy or  
8 subscriber contract, the proposed certificate holder.

9           (b) "Certificate" means any certificate delivered or  
10 issued for delivery in this State under a group Medicare  
11 supplement policy.

12           (c) "Medicare supplement policy" means an individual  
13 policy of accident and health insurance, as defined in  
14 paragraph (a) of subsection (2) of Section 355a of this  
15 Code, or a group policy or certificate delivered or issued  
16 for delivery in this State by an insurer, fraternal  
17 benefit society, voluntary health service plan, or health  
18 maintenance organization, other than a policy issued  
19 pursuant to a contract under Section 1876 of the federal  
20 Social Security Act (42 U.S.C. Section 1395 et seq.) or a  
21 policy issued under a demonstration project specified in  
22 42 U.S.C. Section 1395ss(g)(1), or any similar  
23 organization, that is advertised, marketed, or designed  
24 primarily as a supplement to reimbursements under Medicare  
25 for the hospital, medical, or surgical expenses of persons  
26 eligible for Medicare.

1           (d) "Issuer" includes insurance companies, fraternal  
2           benefit societies, voluntary health service plans, health  
3           maintenance organizations, or any other entity providing  
4           Medicare supplement insurance, unless the context clearly  
5           indicates otherwise.

6           (e) "Medicare" means the Health Insurance for the Aged  
7           Act, Title XVIII of the Social Security Amendments of  
8           1965.

9           (3) No Medicare supplement insurance policy, contract, or  
10          certificate, that provides benefits that duplicate benefits  
11          provided by Medicare, shall be issued or issued for delivery  
12          in this State after December 31, 1988. No such policy,  
13          contract, or certificate shall provide lesser benefits than  
14          those required under this Section or the existing Medicare  
15          Supplement Minimum Standards Regulation, except where  
16          duplication of Medicare benefits would result.

17          (4) Medicare supplement policies or certificates shall  
18          have a notice prominently printed on the first page of the  
19          policy or attached thereto stating in substance that the  
20          policyholder or certificate holder shall have the right to  
21          return the policy or certificate within 30 days of its  
22          delivery and to have the premium refunded directly to him or  
23          her in a timely manner if, after examination of the policy or  
24          certificate, the insured person is not satisfied for any  
25          reason.

26          (5) A Medicare supplement policy or certificate may not

1 deny a claim for losses incurred more than 6 months from the  
2 effective date of coverage for a preexisting condition. The  
3 policy may not define a preexisting condition more  
4 restrictively than a condition for which medical advice was  
5 given or treatment was recommended by or received from a  
6 physician within 6 months before the effective date of  
7 coverage.

8 (6) An issuer of a Medicare supplement policy shall:

9 (a) not deny coverage to an applicant under 65 years  
10 of age who meets any of the following criteria:

11 (i) becomes eligible for Medicare by reason of  
12 disability if the person makes application for a  
13 Medicare supplement policy within 6 months of the  
14 first day on which the person enrolls for benefits  
15 under Medicare Part B; for a person who is  
16 retroactively enrolled in Medicare Part B due to a  
17 retroactive eligibility decision made by the Social  
18 Security Administration, the application must be  
19 submitted within a 6-month period beginning with the  
20 month in which the person received notice of  
21 retroactive eligibility to enroll;

22 (ii) has Medicare and an employer group health  
23 plan (either primary or secondary to Medicare) that  
24 terminates or ceases to provide all such supplemental  
25 health benefits;

26 (iii) is insured by a Medicare Advantage plan that

1 includes a Health Maintenance Organization, a  
2 Preferred Provider Organization, and a Private  
3 Fee-For-Service or Medicare Select plan and the  
4 applicant moves out of the plan's service area; the  
5 insurer goes out of business, withdraws from the  
6 market, or has its Medicare contract terminated; or  
7 the plan violates its contract provisions or is  
8 misrepresented in its marketing; or

9 (iv) is insured by a Medicare supplement policy  
10 and the insurer goes out of business, withdraws from  
11 the market, or the insurance company or agents  
12 misrepresent the plan and the applicant is without  
13 coverage;

14 (b) make available to persons eligible for Medicare by  
15 reason of disability each type of Medicare supplement  
16 policy the issuer makes available to persons eligible for  
17 Medicare by reason of age;

18 (c) not charge individuals who become eligible for  
19 Medicare by reason of disability and who are under the age  
20 of 65 premium rates for any medical supplemental insurance  
21 benefit plan offered by the issuer that exceed the  
22 issuer's highest rate on the current rate schedule filed  
23 with the Division of Insurance for that plan to  
24 individuals who are age 65 or older; and

25 (d) provide the rights granted by items (a) through  
26 (d), for 6 months after the effective date of this

1           amendatory Act of the 95th General Assembly, to any person  
2           who had enrolled for benefits under Medicare Part B prior  
3           to this amendatory Act of the 95th General Assembly who  
4           otherwise would have been eligible for coverage under item  
5           (a).

6           (7) The Director shall issue reasonable rules and  
7 regulations for the following purposes:

8           (a) To establish specific standards for policy  
9 provisions of Medicare policies and certificates. The  
10 standards shall be in accordance with the requirements of  
11 this Code. No requirement of this Code relating to minimum  
12 required policy benefits, other than the minimum standards  
13 contained in this Section and Section 363a, shall apply to  
14 Medicare ~~medicare~~ supplement policies and certificates.  
15 The standards may cover, but are not limited to the  
16 following:

17                   (A) Terms of renewability.

18                   (B) Initial and subsequent terms of eligibility.

19                   (C) Non-duplication of coverage.

20                   (D) Probationary and elimination periods.

21                   (E) Benefit limitations, exceptions and  
22 reductions.

23                   (F) Requirements for replacement.

24                   (G) Recurrent conditions.

25                   (H) Definition of terms.

26                   (I) Requirements for issuing rebates or credits to

1 policyholders if the policy's loss ratio does not  
2 comply with subsection (7) of Section 363a.

3 (J) Uniform methodology for the calculating and  
4 reporting of loss ratio information.

5 (K) Assuring public access to loss ratio  
6 information of an issuer of Medicare supplement  
7 insurance.

8 (L) Establishing a process for approving or  
9 disapproving proposed premium increases.

10 (M) Establishing a policy for holding public  
11 hearings prior to approval of premium increases.

12 (N) Establishing standards for Medicare Select  
13 policies.

14 (O) Prohibited policy provisions not otherwise  
15 specifically authorized by statute that, in the  
16 opinion of the Director, are unjust, unfair, or  
17 unfairly discriminatory to any person insured or  
18 proposed for coverage under a medicare supplement  
19 policy or certificate.

20 (b) To establish minimum standards for benefits and  
21 claims payments, marketing practices, compensation  
22 arrangements, and reporting practices for Medicare  
23 supplement policies.

24 (c) To implement transitional requirements of Medicare  
25 supplement insurance benefits and premiums of Medicare  
26 supplement policies and certificates to conform to



1 Medicare program revisions.

2 (8) A Medicare supplement policyholder is entitled to  
3 an annual open enrollment period lasting 60 days or more,  
4 commencing with the individual's birthday, during which  
5 time that person may purchase any Medicare supplement  
6 policy that offers benefits equal to or lesser than those  
7 provided by the previous coverage. During this open  
8 enrollment period, an issuer of a Medicare supplement  
9 policy shall not deny or condition the issuance or  
10 effectiveness of Medicare supplemental coverage, nor  
11 discriminate in the pricing of coverage, because of health  
12 status, claims experience, receipt of health care, or a  
13 medical condition of the individual if, at the time of the  
14 open enrollment period, the individual is covered under  
15 another Medicare supplement policy or contract. An issuer  
16 shall notify a policyholder of his or her rights under  
17 this subsection at least 30 days and no more than 60 days  
18 before the beginning of the open enrollment period, and on  
19 any notice related to a benefit modification or premium  
20 adjustment.

21 (Source: P.A. 95-436, eff. 6-1-08.)