

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 supplement policies and certificates. The
15 standards may cover, but are not limited to the following:

16 (A) Terms of renewability.

17 (B) Initial and subsequent terms of eligibility.

18 (C) Non-duplication of coverage.

19 (D) Probationary and elimination periods.

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

22 (F) Requirements for replacement.

23 (G) Recurrent conditions.

24 (H) Definition of terms.

25 (I) Requirements for issuing rebates or credits to
26 policyholders if the policy's loss ratio does not

1 comply with subsection (7) of Section 363a.

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

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

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

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

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

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

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

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

1 (8) If an individual is at least 65 years of age but no
2 more than 75 years of age and has an existing Medicare
3 supplement policy, the individual is entitled to an annual
4 open enrollment period lasting 45 days, commencing with the
5 individual's birthday, and the individual may purchase any
6 Medicare supplement policy with the same issuer or any
7 affiliate authorized to transact business in this State that
8 offers benefits equal to or lesser than those provided by the
9 previous coverage. During this open enrollment period, an
10 issuer of a Medicare supplement policy shall not deny or
11 condition the issuance or effectiveness of Medicare
12 supplemental coverage, nor discriminate in the pricing of
13 coverage, because of health status, claims experience, receipt
14 of health care, or a medical condition of the individual. An
15 issuer shall provide notice of this annual open enrollment
16 period for eligible Medicare supplement policyholders at the
17 time that the application is made for a Medicare supplement
18 policy or certificate. The notice shall be in a form that may
19 be prescribed by the Department.

20 (Source: P.A. 102-142, eff. 1-1-22.)

21 Section 99. Effective date. This Act takes effect January
22 1, 2026.