HB5090

LRB093 14628 SAS 40140 b

93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

Introduced 02/05/04, by Mary E. Flowers

SYNOPSIS AS INTRODUCED:

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

Amends the Illinois Insurance Code. Requires companies writing Medicare supplement business to make available to persons eligible for the federal Medicare program by reason of disability each type of Medicare supplement insurance policy that an issuer makes available to persons eligible for the federal Medicare program by reason of age. Provides that the issuer shall not charge persons eligible for the federal Medicare program by reason of disability premium rates for any medical supplement insurance benefit plan that exceed the issuer's premium rates charged to individuals eligible for the federal Medicare program by reason of age. Provides guaranteed issue rights to those individuals eligible for a Medicare supplement policy during the 6 month period beginning with the first day of the month in which the applicant enrolls for benefits under Medicare Part B.

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A BILL FOR

AN ACT concerning insurance.

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

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

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

Sec. 363. Medicare supplement policies; minimum standards.

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

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

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

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

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

(a) "Applicant" means:

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

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

(b) "Certificate" means any certificate delivered or

issued for delivery in this State under a group Medicare supplement policy.

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

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

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

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

(3.5) An issuer of a Medicare supplement policy:

(a) Shall make available to persons eligible for Medicare by reason of disability each type of Medicare supplement policy the issuer makes available to persons

eligible for Medicare by reason of age if the applicant applies for a Medicare supplement policy within 6 months after the first day on which the person enrolls for benefits under Medicare part B or within 6 months after receiving notification of retroactive eligibility from the Social Security Administration;

(b) Shall not charge individuals who become eligible for Medicare by reason of disability and who are under the age of 65 premium rates for any medical supplemental insurance benefit plan offered by the issuer that exceeds the issuer's premium rates charged for the plan to individuals who are age 65 if the applicant applies for a Medicare supplement policy within 6 months after the first day the person enrolls for benefits under Medicare part B or within 6 months after receiving notification of retroactive eligibility from the Social Security Administration; and

(c) May not condition the issuance or effectiveness of a Medicare supplement policy issued to a person eligible for Medicare by reason of disability because of the health status, claims experience, receipt of health care, or medical condition of the applicant if the applicant applies for a Medicare supplement policy during the 6 month period beginning with the first day of the month in which the applicant enrolls for benefits under Medicare part B.

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

(5) A Medicare supplement policy or certificate may not deny a claim for losses incurred more than 6 months from the

effective date of coverage for a preexisting condition. The policy may not define a preexisting condition more restrictively than a condition for which medical advice was given or treatment was recommended by or received from a physician within 6 months before the effective date of coverage.

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

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

(A) Terms of renewability.

(B) Initial and subsequent terms of eligibility.

(C) Non-duplication of coverage.

(D) Probationary and elimination periods.

(E) Benefit limitations, exceptions and reductions.

(F) Requirements for replacement.

(G) Recurrent conditions.

(H) Definition of terms.

(I) Requirements for issuing rebates or credits to policyholders if the policy's loss ratio does not comply with subsection (7) of Section 363a.

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

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

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

(M) Establishing a policy for holding public

hearings prior to approval of premium increases.

(N) Establishing standards for Medicare Select policies.

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

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

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

(Source: P.A. 88-313; 89-484, eff. 6-21-96.)