

SENATE BILL NO. 76

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR KERTTULA

Introduced: 1/22/91

Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to Medicare supplement insurance."

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * **Section 1.** AS 21.51 is amended by adding a new section to read:

4 Sec. 21.51.350. **MEDICARE SUPPLEMENT INSURANCE.** (a) An insurer, hospital
5 or medical service corporation, or a fraternal benefit society may not advertise, market, sell,
6 deliver, or offer for delivery a Medicare supplement insurance policy unless the policy

7 (1) offers the following minimum benefits:

8 (A) hospital coinsurance amounts imposed under 42 U.S.C. 1395e;

9 (B) upon exhaustion of all inpatient hospital services under Medicare,
10 coverage of 90 percent of all expenses of inpatient hospital services recognized by
11 Medicare but not covered under Medicare, subject to a lifetime maximum benefit of an
12 additional 365 days of inpatient hospital services;

13 (C) coverage of a deductible for blood under 42 U.S.C. 1395e;

14 (D) coverage of coinsurance amounts, other than the deductible under 42

1 U.S.C. 1395e, imposed under 42 U.S.C. 1395j - 1395w;

2 (E) coverage of the supplementary medical insurance deductible amounts
3 specified under 42 U.S.C. 1395e and 42 U.S.C. 1395l;

4 (F) coverage of copayments for 80 days of post-hospital extended care
5 services during illness, beginning after the first 20 days of illness;

6 (G) coverage at three levels of benefit for prescription drugs, with one
7 level of benefit representing mail order prescription drugs;

8 (H) coverage for services outside the United States during a temporary
9 period of travel abroad;

10 (I) coverage for private duty nursing;

11 (J) coverage for other benefits determined by the director to be
12 appropriate;

13 (2) specifies benefits in a uniform format and language that facilitates comparison
14 between Medicare supplement insurance policies; the director shall adopt regulations that
15 establish a uniform format and language for Medicare supplement insurance policies;

16 (3) meets the loss ratio requirements specified by the National Association of
17 Insurance Commissioners;

18 (4) allows a claim resulting from a preexisting condition, if the claim occurs more
19 than six months after the date coverage begins;

20 (5) defines "preexisting condition" not more restrictively than as a condition for
21 which medical advice was given or treatment was recommended by or received from a physician
22 within six months before the effective date of coverage;

23 (6) waives a time period applicable to preexisting conditions, waiting periods,
24 elimination periods, and probationary periods, if the policy replaces another policy, to the extent
25 applicable under the old policy or certificate;

26 (7) provides that benefits designed to cover cost-sharing amounts will be changed
27 automatically to coincide with changes in deductible and copayment amounts specified under 42
28 U.S.C. 1395 - 1395ccc (Title XVIII of the Social Security Act, as amended); the premium may
29 be changed to reflect changes required by this paragraph;

30 (8) if issued as noncancelable or guaranteed renewable, provides for termination
31 of coverage only for nonpayment of premium or material misrepresentation;

1 (9) does not duplicate existing coverage or benefits already purchased by the
2 policyholder under another insurance policy, and does not duplicate benefits available to the
3 policyholder under a state or federal health insurance plan;

4 (10) is not conditioned on the medical history or health status of the prospective
5 policyholder.

6 (b) The compensation received in the first year by an agent or other representative for
7 the sale of a Medicare supplement insurance policy may not exceed 200 percent of the
8 compensation received in the second or a subsequent year. The compensation received by
9 replacement of a Medicare supplement insurance policy may not exceed the compensation that
10 would be received upon renewal of the policy, unless the benefits under the replacement policy
11 are clearly and substantially greater than the benefits under the policy being replaced.

12 (c) In this section "Medicare supplement insurance" means a disability insurance policy
13 or subscribers certificate offered to individuals who are eligible for Medicare benefits under 42
14 U.S.C. 1395 - 1395ccc (Title XVIII of the Social Security Act, as amended).

15 * **Sec. 2.** AS 21.54 is amended by adding a new section to read:

16 Sec. 21.54.015. **REQUIRED PROVISIONS OF GROUP MEDICARE SUPPLEMENT**
17 **POLICIES.** (a) A group Medicare supplement insurance policy shall provide

18 (1) the minimum benefits and meet the policy requirements imposed under
19 AS 21.51.350;

20 (2) that if the policy is terminated by the group policyholder and is not replaced,
21 the insurer shall offer an individual Medicare supplement policy that continues the benefits
22 contained in the group policy or that provides benefits required under AS 21.51.350;

23 (3) that if the policy is replaced by another policy purchased by the same
24 policyholder, the succeeding issuer shall offer coverage to all persons covered under the policy
25 being replaced, when the policy being replaced is terminated; coverage under the replacement
26 policy may not result in an exclusion for preexisting conditions unless the exclusion would have
27 been valid under the group policy being replaced.

28 (b) In this section, "Medicare supplement insurance" has the meaning given in
29 AS 21.51.350.