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# A BILL FOR AN ACT

RELATING TO MEDICARE SUPPLEMENT INSURANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that existing state law  
2 requires insurance companies that sell medicare supplement  
3 insurance, also known as medigap insurance, to issue medigap  
4 insurance on a guaranteed-issue basis to eligible individuals  
5 without adjusting premiums based on medical underwriting, as  
6 long as their applications are submitted within the open  
7 enrollment period. Under existing rules, this open enrollment  
8 period in the State is during the six-month window that begins  
9 when the individual is enrolled for benefits under medicare part  
10 B. After this open enrollment period, there is no guarantee  
11 that the insurance companies will issue medigap insurance to  
12 individuals with preexisting medical conditions unless the  
13 individual satisfies certain conditions, and even if issued, the  
14 premium may be significantly higher. Therefore, it is extremely  
15 difficult for individuals whose health conditions or financial  
16 situations may have changed after their open enrollment period  
17 to switch to another medigap benefit plan that is more suitable.



1           The purpose of this Act is to require issuers of medigap  
2 insurance in the State to accept an individual's application for  
3 coverage or an enrollee's application to switch to another  
4 eligible plan at any time throughout the year, and prohibit  
5 issuers from denying the applicant a medigap policy or  
6 certificate or make any premium rate distinctions because of  
7 health status, claims experience, medical condition, or whether  
8 the applicant is receiving health care services.

9           SECTION 2. Section 431:10A-304, Hawaii Revised Statutes,  
10 is amended to read as follows:

11           "**§431:10A-304 Standards for policy provisions.** (a) No  
12 medicare supplement policy or certificate in force in the State  
13 shall contain benefits that duplicate benefits provided by  
14 medicare.

15           (b) The commissioner shall adopt reasonable rules to  
16 establish specific standards for the provisions of medicare  
17 supplement policies and certificates. The standards shall be in  
18 addition to and in accordance with applicable laws of this  
19 State, including the provisions of part I of this article. No  
20 requirement of this chapter relating to minimum required policy  
21 benefits, other than the minimum standards contained in this



1 part, shall apply to medicare supplement policies and  
2 certificates. The standards may cover, but shall not be limited  
3 to:

4 (1) Terms of renewability;

5 (2) Initial and subsequent conditions of eligibility;

6 (3) Nonduplication of coverage;

7 (4) Probationary periods;

8 (5) Benefit limitations, exceptions, and reductions;

9 (6) Elimination periods;

10 (7) Requirements for replacement;

11 (8) Recurrent conditions; and

12 (9) Definition of terms.

13 (c) The commissioner may adopt reasonable rules that

14 specify prohibited policy provisions not otherwise specifically

15 authorized by law, which, in the opinion of the commissioner,

16 are unjust, unfair, or unfairly discriminatory to any person

17 insured or proposed to be insured under any medicare supplement

18 policy or certificate.

19 (d) A medicare supplement policy or certificate shall not

20 exclude or limit benefits for losses incurred more than six

21 months after the effective date of coverage because it involved



1 a preexisting condition. The policy or certificate shall not  
2 define a preexisting condition more restrictively than a  
3 condition for which medical advice was given or treatment was  
4 recommended by or received from a physician within six months  
5 before the effective date of coverage.

6 (e) No issuer of medicare supplement insurance policies or  
7 certificates in the State shall deny or condition the issuance  
8 or effectiveness of any medicare supplement policy or  
9 certificate available for sale in the State, nor discriminate in  
10 the pricing of the policy or certificate because of the health  
11 status, claims experience, receipt of health care, or medical  
12 condition of an applicant. Applicants shall be accepted at all  
13 times throughout the year for any medicare supplement insurance  
14 benefit plan available from an issuer. The requirements of this  
15 subsection shall be applicable to applicants enrolled for  
16 benefits under medicare part B, whether by reason of age or by  
17 reason of disability."

18 SECTION 3. The insurance commissioner shall amend or adopt  
19 rules consistent with the requirements of this Act.

20 SECTION 4. If any provision of this Act, or the  
21 application thereof to any person or circumstance, is held



1 invalid, the invalidity does not affect other provisions or  
2 applications of the Act that can be given effect without the  
3 invalid provision or application, and to this end the provisions  
4 of this Act are severable.

5 SECTION 5. New statutory material is underscored.

6 SECTION 6. This Act shall take effect on December 31,  
7 2050.

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**Report Title:**

Medicare Supplement Insurance; Medigap Insurance; Guaranteed-Issue Open Enrollment Period; Insurance Commissioner; Rules

**Description:**

Requires issuers of Medigap insurance in the State to accept an eligible individual's application for coverage at any time throughout the year and prohibits issuers from denying the applicant a Medigap policy or certificate or making any premium rate distinctions due to various reasons, including health status. Requires the Insurance Commissioner to amend or adopt rules accordingly. Effective 12/31/2050. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

