
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 current 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:

2 (1) Require the insurance commissioner to establish an
3 annual open enrollment for applicants and require
4 issuers of medigap insurance in the State to accept an
5 individual's application for coverage or an enrollee's
6 application to switch to another eligible plan during
7 that period; and

8 (2) Prohibit issuers from denying the applicant a medigap
9 policy or certificate or make any premium rate
10 distinctions because of health status, claims
11 experience, medical condition, or whether the
12 applicant is receiving health care services.

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

15 "**§431:10A-304 Standards for policy provisions.** (a) No
16 medicare supplement policy or certificate in force in the State
17 shall contain benefits that duplicate benefits provided by
18 medicare.

19 (b) The commissioner shall adopt reasonable rules to
20 establish specific standards for the provisions of medicare
21 supplement policies and certificates. The standards shall be in



1 addition to and in accordance with applicable laws of this
2 State, including the provisions of part I of this article. No
3 requirement of this chapter relating to minimum required policy
4 benefits, other than the minimum standards contained in this
5 part, shall apply to medicare supplement policies and
6 certificates. The standards may cover, but shall not be limited
7 to:

- 8 (1) Terms of renewability;
 - 9 (2) Initial and subsequent conditions of eligibility;
 - 10 (3) Nonduplication of coverage;
 - 11 (4) Probationary periods;
 - 12 (5) Benefit limitations, exceptions, and reductions;
 - 13 (6) Elimination periods;
 - 14 (7) Requirements for replacement;
 - 15 (8) Recurrent conditions; and
 - 16 (9) Definition of terms.
- 17 (c) The commissioner may adopt reasonable rules that
18 specify prohibited policy provisions not otherwise specifically
19 authorized by law, which, in the opinion of the commissioner,
20 are unjust, unfair, or unfairly discriminatory to any person



1 insured or proposed to be insured under any medicare supplement
2 policy or certificate.

3 (d) A medicare supplement policy or certificate shall not
4 exclude or limit benefits for losses incurred more than six
5 months after the effective date of coverage because it involved
6 a preexisting condition. The policy or certificate shall not
7 define a preexisting condition more restrictively than a
8 condition for which medical advice was given or treatment was
9 recommended by or received from a physician within six months
10 before the effective date of coverage.

11 (e) The insurance commissioner shall adopt rules to
12 establish an annual open enrollment period for beneficiaries who
13 have been enrolled in a medicare supplemental policy for a
14 minimum of twelve months. Applicants shall be accepted during
15 the open enrollment period for any medicare supplement insurance
16 benefit plan available from an issuer.

17 (f) No issuer of medicare supplement insurance policies or
18 certificates in the State shall deny or condition the issuance
19 or effectiveness of any medicare supplement policy or
20 certificate available for sale in the State, or discriminate in
21 the pricing of the policy or certificate because of the health



1 status, claims experience, receipt of health care, or medical
2 condition of an applicant. The requirements of this subsection
3 shall be applicable to applicants enrolled for benefits under
4 medicare part B, whether by reason of age or by reason of
5 disability."

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

8 SECTION 4. New statutory material is underscored.

9 SECTION 5. This Act shall take effect on December 31,
10 3000.



Report Title:

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

Description:

Requires the insurance commissioner to establish an annual enrollment period for medigap insurance plans. Requires issuers of Medigap insurance in the State to accept an eligible individual's application for coverage during the open enrollment period. 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 12/31/3000. (HD1)

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

