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



1 enrollment period to switch to another medigap benefit plan that  
2 is more suitable.

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

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

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

17       (b) The commissioner shall adopt reasonable rules to  
18 establish specific standards for the provisions of medicare  
19 supplement policies and certificates. The standards shall be in  
20 addition to and in accordance with applicable laws of this  
21 State, including the provisions of part I of this article. No



1 requirement of this chapter relating to minimum required policy  
2 benefits, other than the minimum standards contained in this  
3 part, shall apply to medicare supplement policies and  
4 certificates. The standards may cover, but shall not be limited  
5 to:

- 6 (1) Terms of renewability;
- 7 (2) Initial and subsequent conditions of eligibility;
- 8 (3) Nonduplication of coverage;
- 9 (4) Probationary periods;
- 10 (5) Benefit limitations, exceptions, and reductions;
- 11 (6) Elimination periods;
- 12 (7) Requirements for replacement;
- 13 (8) Recurrent conditions; and
- 14 (9) Definition of terms.

15 (c) The commissioner may adopt reasonable rules that  
16 specify prohibited policy provisions not otherwise specifically  
17 authorized by law, which, in the opinion of the commissioner,  
18 are unjust, unfair, or unfairly discriminatory to any person  
19 insured or proposed to be insured under any medicare supplement  
20 policy or certificate.



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

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



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

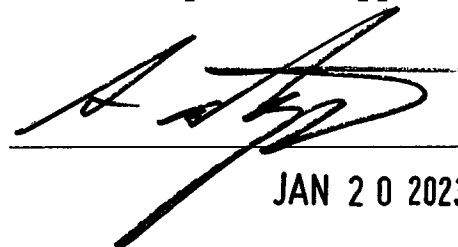
3           SECTION 4. If any provision of this Act, or the  
4 application thereof to any person or circumstance, is held  
5 invalid, the invalidity does not affect other provisions or  
6 applications of the Act that can be given effect without the  
7 invalid provision or application, and to this end the provisions  
8 of this Act are severable.

9           SECTION 5. New statutory material is underscored.

10          SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY:



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JAN 20 2023



# H.B. NO. 539

**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 make any premium rate distinctions because of health status. Requires the Insurance Commissioner to amend or adopt rules accordingly.

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

