

A Bill for an Act Relating to Medicare Supplement Insurance Policies.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 431:10A-301, Hawaii Revised Statutes, is amended by amending the definition of “medicare supplement policy” to read as follows:

““Medicare supplement policy” means a group or individual policy of accident and sickness insurance or a subscriber contract of hospital and medical service associations or health maintenance organizations, other than a policy issued pursuant to a contract under section 1876 [or section 1833] of the federal Social Security Act (42 U.S.C. section 1395 et seq.), or an issued policy under a demonstration project [authorized pursuant to amendments to the federal Social Security Act,] specified in 42 U.S.C. section 1395ss(g)(1), which 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.”

SECTION 2. Section 431:10A-302, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

“(d) [This part shall not] Except as otherwise specifically provided in section 431:10A-307(d), this part is not intended to prohibit or apply to insurance policies or health care benefit plans including group conversion policies, issued to medicare eligible persons that are not marketed or held to be medicare supplement policies or benefit plans.”

SECTION 3. Section 431:10A-305, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) The commissioner may adopt from time to time, reasonable rules as are necessary to conform medicare supplement policies and certificates to the requirements of federal law and regulations adopted thereunder, including but not limited to:

- (1) Requiring refunds or credits if the policies or certificates do not meet loss ratio requirements;
- (2) Establishing a uniform methodology for calculating and reporting loss ratios;
- (3) Assuring public access to policies, premiums, and loss ratio information of issuers of medicare supplement insurance;
- (4) Establishing a process for approving or disapproving policy forms and certificate forms and proposed premium increases; [and]
- (5) Establishing a policy for holding public hearings prior to approval of premium increases[.]; and
- (6) Establishing standards for medicare select policies and certificates.”

SECTION 4. Section 431:10A-306, Hawaii Revised Statutes, is amended to read as follows:

“**§431:10A-306 Loss ratio standards.** Medicare supplement policies shall return to policyholders benefits which are reasonable in relation to the premium charged. The commissioner shall adopt reasonable rules to establish minimum standards for loss ratios of medicare supplement policies on the basis of incurred

claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis, and earned premiums in accordance with accepted actuarial principles and practices. For the purposes of rules adopted under this section, group medicare supplement policies and certificates issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be regarded as group policies.”

SECTION 5. Section 431:10A-307, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

“(d) The commissioner may adopt reasonable rules for captions or notice requirements, determined to be in the public interest and designed to inform prospective insureds that particular insurance coverages are not medicare supplement coverages, for all accident and sickness insurance policies sold to persons eligible for medicare [by reason of age], other than:

- (1) Medicare supplement policies; or
- (2) Disability income policies[;
- (3) Basic, catastrophic, or major medical expense policies; or
- (4) Single premium, nonrenewable policies].”

SECTION 6. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 7. This Act shall take effect upon its approval.

(Approved April 22, 1996.)