

HOUSE OF REPRESENTATIVES - FLOOR VERSION

CORRECTED

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 3242

By: **Moore**

COMMITTEE SUBSTITUTE

An Act relating to Medicare; amending 36 O.S. 2011, Section 3611.1, as amended by Section 1, Chapter 135, O.S.L. 2019 (36 O.S. Supp. 2019, Section 3611.1), which relates to Medicare supplement policies; providing exemption from filing requirements; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 36 O.S. 2011, Section 3611.1, as amended by Section 1, Chapter 135, O.S.L. 2019 (36 O.S. Supp. 2019, Section 3611.1), is amended to read as follows:

Section 3611.1 A. As used in this section:

1. "Commissioner" means the Commissioner of Insurance;

2. "Medicare supplement policy" means a group or individual policy of accident and health insurance, or a subscriber contract of

1 a nonprofit hospital service and medical indemnity corporation or a
2 health maintenance organization which is advertised, marketed or
3 designed primarily as a supplement to reimbursements under Medicare
4 for the hospital, medical or surgical expenses of persons eligible
5 for Medicare. Such term does not include:

6 a. a policy or contract of one or more employers or labor
7 organizations, or of the trustees of a fund
8 established by one or more employers or labor
9 organizations, or combination thereof, for employees
10 or former employees, or combination thereof, or for
11 members or former members, or combination thereof, of
12 the labor organizations, or

13 b. a policy or contract of any professional, trade or
14 occupational association for its members or former or
15 retired members, or combination thereof, if such
16 association:

17 (1) is composed of individuals all of whom are
18 actively engaged in the same profession, trade or
19 occupation,

20 (2) has been maintained in good faith for purposes
21 other than obtaining insurance, and

22 (3) has been in existence for at least two (2) years
23 prior to the date of its initial offering of such
24 policy or plan to its members, or

1 c. individual policies or contracts issued pursuant to a
2 conversion privilege under a policy or contract of
3 group or individual insurance; and

4 3. "Direct response Medicare supplement policy" means a policy
5 of insurance which is advertised, marketed or designed primarily as
6 a supplement to reimbursements under Medicare for the hospital,
7 medical or surgical expenses of persons eligible for Medicare issued
8 as a result of solicitation of individual insureds by mail or by
9 mass media advertising.

10 B. The Commissioner shall issue reasonable regulations to
11 establish minimum standards for benefit claims payment, marketing
12 practices, compensation arrangements, and reporting practices for
13 Medicare supplement policies. The Commissioner shall issue
14 reasonable regulations to provide for an open enrollment period for
15 those persons who qualify as disabled pursuant to federal Medicare
16 guidelines.

17 C. A Medicare supplement policy may not deny a claim for losses
18 incurred more than six (6) months from the effective date of
19 coverage for a preexisting condition. The policy may not define a
20 preexisting condition more restrictively than "a condition for which
21 medical advice was given or treatment was recommended by or received
22 from a physician within six (6) months before the effective date of
23 coverage".

1 D. Any premium rate filing for a Medicare supplement policy
2 shall be filed with and approved by the Insurance Commissioner and
3 communicated to the policyholder on or after September 1 but no
4 later than October 30 of each year. Such premium increases shall be
5 effective January 1 of the following year. This subsection shall
6 not apply to insurers with five thousand (5,000) or fewer
7 policyholders.

8 E. A Medicare supplement policy shall be expected to return to
9 the policyholder benefits which are reasonable in relation to the
10 premium charged. The Commissioner shall issue regulations to
11 establish minimum standards for loss ratios of Medicare supplement
12 policies on the basis of incurred claims experience, or incurred
13 health care expenses where coverage is provided by a health
14 maintenance organization on a service rather than reimbursement
15 basis, and earned premiums for the period of coverage for which
16 rates are computed and in accordance with accepted actuarial
17 principles and practices.

18 F. 1. No Medicare supplement policy or certificate issued
19 pursuant to a group Medicare supplement policy shall be delivered or
20 issued for delivery in this state unless an outline of coverage is
21 provided to the applicant at the time application is made.

22 2. The Commissioner shall prescribe by regulation the contents
23 and a standard form of an informational brochure for persons
24 eligible for Medicare which is intended to improve the buyer's

1 ability to select the most appropriate coverage and improve the
2 buyer's understanding of Medicare. The Commissioner may require by
3 regulation that the informational brochure be provided with the
4 outline of coverage to any prospective insureds eligible for
5 Medicare. With respect to direct response policies, the
6 Commissioner may require that the prescribed brochure and outline of
7 coverage be provided upon request to any prospective insureds
8 eligible for Medicare, but in no event later than the time of policy
9 delivery.

10 3. The Commissioner may require notice provisions, designed to
11 inform prospective insureds that particular insurance coverages are
12 not Medicare supplement coverages, for all accident and health
13 insurance policies sold to persons eligible for Medicare by reason
14 of age, other than:

- 15 a. Medicare supplement policies,
- 16 b. disability income policies,
- 17 c. basic, catastrophic, or major medical expense
18 policies,
- 19 d. single premium, nonrenewable policies, or
- 20 e. other policies defined by regulation of the
21 Commissioner.

22 4. The Commissioner may adopt from time to time, such
23 reasonable regulations as are necessary to conform Medicare
24 supplement policies and certificates to the requirements of federal

1 law and regulations promulgated thereunder, including but not
2 limited to:

- 3 a. requiring refunds or credits if the policies or
4 certificates do not meet loss ratio requirements,
- 5 b. establishing a uniform methodology for calculating and
6 reporting loss ratios,
- 7 c. assuring public access to policies, premiums and loss
8 ratio information of issuers of Medicare supplement
9 insurance, and
- 10 d. establishing a policy for holding public hearings
11 prior to approval of premium increases.

12 G. Medicare supplement policies or certificates shall have a
13 notice prominently printed on the first page of the policy or
14 certificate, or attached thereto, stating that the applicant shall
15 have the right to return the policy or certificate within thirty
16 (30) days of its delivery and to have the premium refunded if, after
17 examination of the policy or certificate, the applicant is not
18 satisfied for any reason. A direct response policy issued to
19 persons eligible for Medicare shall have a notice prominently
20 printed on the first page, or attached thereto, stating that the
21 applicant shall have the right to return the policy or certificate
22 within thirty (30) days of its delivery and to have the premium
23 refunded if, after examination, the applicant is not satisfied for
24 any reason.

1 H. The Insurance Commissioner shall have the authority to
2 employ actuaries, statisticians, accountants, auditors,
3 investigators, or any other technicians as the Insurance
4 Commissioner may deem necessary or beneficial to examine any
5 Medicare supplement filings made by insurers or rating organizations
6 and to examine such records of the insurers or rating organizations
7 as may be deemed appropriate in conjunction with the Medicare
8 supplement filing in order to determine that the rates or other
9 filings are consistent with the terms, conditions, requirements and
10 purposes of the Insurance Code, and to verify, validate and
11 investigate the information upon which the insurer or rating
12 organization relies to support such filing.

13 1. The Commissioner shall maintain a list of technicians who
14 are proficient in the line of Medicare supplement insurance. If the
15 Commissioner determines that it is necessary to utilize the services
16 of such a technician, the Commissioner shall employ the next
17 available technician in rotation on the list.

18 2. All reasonable expenses incurred in such filing review shall
19 be paid by the insurer or rating organization making the filing.

20 SECTION 2. This act shall become effective November 1, 2020.

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22 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 02/26/2020 - DO
23 PASS, As Amended and Coauthored.
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