

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

SENATE BILL NO. 990

By: Scott

AS INTRODUCED

An Act relating to insurance; amending 36 O.S. 2011, Section 3611.1, which relates to Medicare supplement policies; restricting rate changes to certain time; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 36 O.S. 2011, 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 a nonprofit hospital service and medical indemnity corporation or a health maintenance organization 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. Such term does not include:

1 a. a policy or contract of one or more employers or labor  
2 organizations, or of the trustees of a fund  
3 established by one or more employers or labor  
4 organizations, or combination thereof, for employees  
5 or former employees, or combination thereof, or for  
6 members or former members, or combination thereof, of  
7 the labor organizations, or

8 b. a policy or contract of any professional, trade or  
9 occupational association for its members or former or  
10 retired members, or combination thereof, if such  
11 association:

12 (1) is composed of individuals all of whom are  
13 actively engaged in the same profession, trade or  
14 occupation,

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

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

20 c. individual policies or contracts issued pursuant to a  
21 conversion privilege under a policy or contract of  
22 group or individual insurance; and

23 3. "Direct response Medicare supplement policy" means a policy  
24 of insurance which is advertised, marketed or designed primarily as

1 a supplement to reimbursements under Medicare for the hospital,  
2 medical or surgical expenses of persons eligible for Medicare issued  
3 as a result of solicitation of individual insureds by mail or by  
4 mass media advertising.

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

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

19 D. A Medicare supplement policy shall only provide for an  
20 increase in any rate during the open enrollment period prescribed in  
21 subsection B of this section.

22 E. A Medicare supplement policy shall be expected to return to  
23 the policyholder benefits which are reasonable in relation to the  
24 premium charged. The Commissioner shall issue regulations to

1 establish minimum standards for loss ratios of Medicare supplement  
2 policies on the basis of incurred claims experience, or incurred  
3 health care expenses where coverage is provided by a health  
4 maintenance organization on a service rather than reimbursement  
5 basis, and earned premiums for the period of coverage for which  
6 rates are computed and in accordance with accepted actuarial  
7 principles and practices.

8 ~~E.~~ F. 1. No Medicare supplement policy or certificate issued  
9 pursuant to a group Medicare supplement policy shall be delivered or  
10 issued for delivery in this state unless an outline of coverage is  
11 provided to the applicant at the time application is made.

12 2. The Commissioner shall prescribe by regulation the contents  
13 and a standard form of an informational brochure for persons  
14 eligible for Medicare which is intended to improve the buyer's  
15 ability to select the most appropriate coverage and improve the  
16 buyer's understanding of Medicare. The Commissioner may require by  
17 regulation that the informational brochure be provided with the  
18 outline of coverage to any prospective insureds eligible for  
19 Medicare. With respect to direct response policies, the  
20 Commissioner may require that the prescribed brochure and outline of  
21 coverage be provided upon request to any prospective insureds  
22 eligible for Medicare, but in no event later than the time of policy  
23 delivery.

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

- 6           a. Medicare supplement policies,
- 7           b. disability income policies,
- 8           c. basic, catastrophic, or major medical expense  
9           policies,
- 10          d. single premium, nonrenewable policies, or
- 11          e. other policies defined by regulation of the  
12           Commissioner.

13       4. The Commissioner may adopt from time to time, such  
14 reasonable regulations as are necessary to conform Medicare  
15 supplement policies and certificates to the requirements of federal  
16 law and regulations promulgated thereunder, including but not  
17 limited to:

- 18           a. requiring refunds or credits if the policies or  
19           certificates do not meet loss ratio requirements,
- 20           b. establishing a uniform methodology for calculating and  
21           reporting loss ratios,
- 22           c. assuring public access to policies, premiums and loss  
23           ratio information of issuers of Medicare supplement  
24           insurance, and

1           d.     establishing a policy for holding public hearings  
2                 prior to approval of premium increases.

3         ~~F.~~ G. Medicare supplement policies or certificates shall have a  
4 notice prominently printed on the first page of the policy or  
5 certificate, or attached thereto, stating that the applicant shall  
6 have the right to return the policy or certificate within thirty  
7 (30) days of its delivery and to have the premium refunded if, after  
8 examination of the policy or certificate, the applicant is not  
9 satisfied for any reason. A direct response policy issued to  
10 persons eligible for Medicare shall have a notice prominently  
11 printed on the first page, or attached thereto, stating that the  
12 applicant shall have the right to return the policy or certificate  
13 within thirty (30) days of its delivery and to have the premium  
14 refunded if, after examination, the applicant is not satisfied for  
15 any reason.

16         ~~G.~~ H. The Insurance Commissioner shall have the authority to  
17 employ actuaries, statisticians, accountants, auditors,  
18 investigators, or any other technicians as the Insurance  
19 Commissioner may deem necessary or beneficial to examine any  
20 Medicare supplement filings made by insurers or rating organizations  
21 and to examine such records of the insurers or rating organizations  
22 as may be deemed appropriate in conjunction with the Medicare  
23 supplement filing in order to determine that the rates or other  
24 filings are consistent with the terms, conditions, requirements and

1 purposes of the Insurance Code, and to verify, validate and  
2 investigate the information upon which the insurer or rating  
3 organization relies to support such filing.

4 1. The Commissioner shall maintain a list of technicians who  
5 are proficient in the line of Medicare supplement insurance. If the  
6 Commissioner determines that it is necessary to utilize the services  
7 of such a technician, the Commissioner shall employ the next  
8 available technician in rotation on the list.

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

11 SECTION 2. This act shall become effective July 1, 2019.

12 SECTION 3. It being immediately necessary for the preservation  
13 of the public peace, health or safety, an emergency is hereby  
14 declared to exist, by reason whereof this act shall take effect and  
15 be in full force from and after its passage and approval.

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