

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

HOUSE BILL 3040

By: Boles

AS INTRODUCED

An Act relating to Medicare; amending 36 O.S. 2021, Section 3611.1, which relates to Medicare supplement policies; eliminating 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. 2021, 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:

a. a policy or contract of one or more employers or labor organizations, or of the trustees of a fund

1 established by one or more employers or labor
2 organizations, or combination thereof, for employees
3 or former employees, or combination thereof, or for
4 members or former members, or combination thereof, of
5 the labor organizations, or

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

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

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

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

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

21 3. "Direct response Medicare supplement policy" means a policy
22 of insurance which is advertised, marketed or designed primarily as
23 a supplement to reimbursements under Medicare for the hospital,
24 medical or surgical expenses of persons eligible for Medicare issued

1 as a result of solicitation of individual insureds by mail or by
2 mass media advertising.

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

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

17 D. Any premium rate filing for a Medicare supplement policy
18 shall be filed with and approved by the Insurance Commissioner and
19 communicated to the policyholder on or after September 1 but no
20 later than October 30 of each year. Such premium increases shall be
21 effective January 1 of the following year. ~~This subsection shall~~
22 ~~not apply to insurers with five thousand or fewer policyholders.~~

23 E. A Medicare supplement policy shall be expected to return to
24 the policyholder benefits which are reasonable in relation to the

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

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

13 2. The Commissioner shall prescribe by regulation the contents
14 and a standard form of an informational brochure for persons
15 eligible for Medicare which is intended to improve the buyer's
16 ability to select the most appropriate coverage and improve the
17 buyer's understanding of Medicare. The Commissioner may require by
18 regulation that the informational brochure be provided with the
19 outline of coverage to any prospective insureds eligible for
20 Medicare. With respect to direct response policies, the
21 Commissioner may require that the prescribed brochure and outline of
22 coverage be provided upon request to any prospective insureds
23 eligible for Medicare, but in no event later than the time of policy
24 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 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 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 November 1, 2022.
12

13 58-2-8791 KN 12/07/21
14
15
16
17
18
19
20
21
22
23
24