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BULLETIN

To: Carriers Participating in the Medicare Supplement Market in Maryland

Re: New Rate Requirements and Guarantee Issuance Requirements For Individuals Eligible for Medicare Due to Disability

Date: September 14, 2005

Bulletin: REVISED - Life and Health # 05-13

The purpose of this bulletin is to notify insurers and nonprofit health service plans participating in the Medicare supplement market in Maryland of new requirements imposed by Senate Bill 191, Chapter 289, of the Acts of the General Assembly of 2005. Senate Bill 191 applies to Medicare supplement policies or certificates issued, delivered, or renewed in Maryland on or after January 1, 2006.

New Guarantee Issue Requirements for Disabled Individuals

Senate Bill 191 amends §15-909 of the Insurance Article to require that carriers that offer Medicare supplement Plan A to individuals who are eligible for Medicare due to age also offer Medicare supplement Plan A to individuals who are younger than 65 years of age and who are eligible for Medicare due to disability. Carriers may not deny issuance of Plan A to individuals who are younger than 65 years of age and eligible for Medicare due to a disability because of health status, claims experience, or medical condition of the individual or the use of medical care by the individual if the individual meets the following:

1. The individual applies for Plan A during the 6-month period following the individual's enrollment in Part B of Medicare; or
2. For an individual terminated from the Maryland Health Insurance Plan (MHIP) as a result of enrollment in Part B of Medicare, during the 6-month period after the individual's termination of coverage under MHIP.

Also, if an individual is younger than 65 years of age and is covered under Plan C with your company, that individual is required to be given an open enrollment period to switch from Plan C

to Plan A. The open enrollment period will begin on the first renewal date that occurs on or after January 1, 2006 and will last at least 63 days. The “renewal date” as used in Section 3 of Senate Bill 191 will be the first policy anniversary that occurs on or after January 1, 2006.

New Rating Requirements for Plan A

Senate Bill 191 also limits the premium rates that can be charged under Plan A for individuals who are younger than 65 years of age. The premium rates for individuals who are younger than 65 years of age for Plan A for each insurer may not exceed the average of the premiums paid by all policyholders age 65 and older in Maryland who are covered under the same Plan A with that insurer. If your company either (1) does not currently sell Plan A to individuals who are under age 65 or (2) currently has higher premiums than permitted by Senate Bill 191, new rate filings are required to be filed with the Maryland Insurance Administration. To assure approval by the January 1, 2006 deadline, the rate filings are required to be received by the Maryland Insurance Administration by ***October 1, 2005***.

When developing the Plan A premium rates for the individuals who are younger than 65 years of age, please be certain to calculate the average premium using 2004 or more recent data and to provide illustration and documentation of how the rates are determined. The expectation is that the premiums will be based on a weighted average, and that the average premium will include any discounts provided to individuals who are age 65 and older.

Any questions about this bulletin should be directed to the Life/Health Section of the Maryland Insurance Administration at 410-468-2170.

Howard Max
Associate Commissioner