

SENATE BILL 52

C3

8lr0022

(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: September 19, 2017

Introduced and read first time: January 10, 2018

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Medicare Supplement Policy Plans – Conformity to Federal Law**

3 FOR the purpose of altering references to certain Medicare supplement policy plans to
4 conform with certain provisions in federal law; providing for a delayed effective date;
5 and generally relating to Medicare supplement policy plans.

6 BY repealing and reenacting, with amendments,

7 Article – Insurance

8 Section 15–909

9 Annotated Code of Maryland

10 (2017 Replacement Volume)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
12 That the Laws of Maryland read as follows:

13 **Article – Insurance**

14 15–909.

15 (a) This section does not extend the number of days of hospitalization offered
16 under § 15–906(a) of this subtitle to the extent those days of hospitalization have been used
17 under the original Medicare supplement policy.

18 (b) (1) If an application for a Medicare supplement policy or certificate is
19 submitted during the 6–month period beginning with the first month in which an
20 individual who is at least 65 years old first enrolls for benefits under Medicare Part B, a
21 carrier:

22 (i) may not deny or condition the issuance or effectiveness of the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Medicare supplement policy or certificate or discriminate in the pricing of the Medicare
2 supplement policy or certificate because of the health status, claims experience, receipt of
3 health care, or medical condition of the applicant; or

4 (ii) may not deny, reduce, or condition coverage or apply an
5 increased premium rating to an applicant for a Medicare supplement policy because of the
6 health status, claims experience, or medical condition of the applicant or the use of medical
7 care by the applicant.

8 (2) Notwithstanding paragraph (1)(ii) of this subsection, a carrier may
9 include in a Medicare supplement policy a provision that complies with subsection (d) of
10 this section.

11 (3) (i) A carrier shall make available Medicare supplement policy plans
12 A and [C] D to an individual who is under the age of 65 years but is eligible for Medicare
13 due to a disability, if an application for a Medicare supplement policy or certificate is
14 submitted:

15 1. during the 6-month period following the applicant's
16 enrollment in Part B of Medicare; or

17 2. if the applicant is notified by Medicare of the applicant's
18 retroactive enrollment in Medicare, during the 6-month period following notification of
19 enrollment in Medicare.

20 (ii) For a Medicare supplement policy plan A or [C] D required to be
21 made available under subparagraph (i) of this paragraph, a carrier:

22 1. may not deny or condition the issuance or effectiveness of
23 a Medicare supplement policy plan A or [C] D because of the health status, claims
24 experience, receipt of health care, or medical condition of the applicant; or

25 2. may not deny, reduce, or condition coverage to the
26 applicant for a Medicare supplement policy plan A or [C] D because of the health status,
27 claims experience, or medical condition of the applicant or the use of medical care by the
28 applicant.

29 (iii) For a Medicare supplement policy plan A required to be made
30 available under subparagraph (i) of this paragraph, a carrier may not charge individuals
31 who are under the age of 65 years, but are eligible for Medicare due to a disability, a rate
32 higher than the average of the premiums paid by all policyholders age 65 and older in the
33 State who are covered under that plan A policy form.

34 (4) A carrier may elect to offer Medicare supplement policy plans to
35 individuals who are under the age of 65 years, but eligible for Medicare due to a disability,
36 in addition to the Medicare supplement policy plans A and [C] D that are required to be
37 offered under paragraph (3)(i) of this subsection.

1 (5) Nothing in paragraph (3) of this subsection may be construed to require
2 a carrier to offer a Medicare supplement policy plan to individuals who are under the age
3 of 65 years, but are eligible for Medicare due to a disability, if the plan is not offered to
4 individuals who are eligible for Medicare due to age.

5 (c) Regardless of the applicant's age, each Medicare supplement policy or
6 applicable certificate that a carrier currently has available shall be made available to each
7 applicant who qualifies under subsection (b) of this section.

8 (d) (1) Notwithstanding any other provision of law, a Medicare supplement
9 policy or certificate may not exclude or limit benefits for losses incurred more than 6 months
10 after the effective date of coverage because the losses involved a preexisting condition.

11 (2) A Medicare supplement policy or certificate may not define a
12 preexisting condition more restrictively than a condition for which a physician gave medical
13 advice or recommended or gave treatment within 6 months before the effective date of
14 coverage.

15 (e) If a Medicare supplement policy or certificate replaces another Medicare
16 supplement policy or certificate, the succeeding carrier shall waive the time periods
17 applicable to preexisting conditions, waiting periods, elimination periods, and probationary
18 periods in the new Medicare supplement policy or certificate for similar benefits to the
19 extent the time was spent under the original Medicare supplement policy or certificate.

20 (f) A carrier may not cancel or nonrenew a Medicare supplement policy or
21 certificate for any reason other than for nonpayment of premium or material
22 misrepresentation.

23 (g) (1) (i) If the group policyholder terminates a group Medicare
24 supplement policy without replacing the group Medicare supplement policy under
25 paragraph (3) of this subsection, the carrier shall offer each certificate holder an individual
26 Medicare supplement policy.

27 (ii) The carrier shall offer the certificate holder at least the following:

28 1. an individual Medicare supplement policy that provides
29 for continuation of the benefits contained in the group policy; or

30 2. an individual Medicare supplement policy that provides
31 only the benefits that are required under § 15-906(a) of this subtitle.

32 (2) If membership in a group is terminated, the carrier:

33 (i) shall offer the certificate holder the conversion options under
34 paragraph (1) of this subsection; or

1 (ii) at the option of the group policyholder, shall offer the certificate
2 holder a continuation of coverage under the group Medicare supplement policy.

3 (3) (i) If a group Medicare supplement policy is replaced by another
4 group Medicare supplement policy purchased by the same policyholder, the succeeding
5 carrier shall offer coverage to each individual who was covered under the old group
6 Medicare supplement policy on its date of termination.

7 (ii) Under the new group Medicare supplement policy, coverage may
8 not be excluded for a preexisting condition that would have been covered under the group
9 Medicare supplement policy being replaced.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 January 1, 2020.