

ENROLLMENT(S)



(5)

COUNCIL OF THE DISTRICT OF COLUMBIA

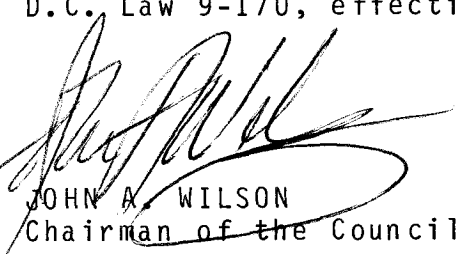
NOTICE

D.C. LAW 9-170

"Medicare Supplement Insurance Minimum Standards Act of 1992".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 9-459 on first and second readings, June 2, 1992, and July 7, 1992, respectively. Following the signature of the Mayor on July 23, 1992, this legislation was assigned Act No. 9-268, published in the August 7, 1992, edition of the D.C. Register, (Vol. 39 page 5825) and transmitted to Congress on July 27, 1992 for a 30-day review, in accordance with Section 602(c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 9-170, effective October 1, 1992.



JOHN A. WILSON
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

July 27,28,29,30,31

August 3,4,5,6,7,10,11,12

September 8,9,10,11,14,15,16,17,18,21,22,23,24,25,28,29,30

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

JULY 23, 1992

To provide for adjustments in the Medicare Supplement Insurance Program in the District of Columbia to conform to recent changes in the federal law.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Medicare Supplement Insurance Minimum Standards Act of 1992".

Sec. 2. Definitions.

For the purposes of this act, the term:

New Section
35-2611

(1) "Applicant" means:

(A) In the case of an individual Medicare supplement policy, the person who seeks to contract for insurance benefits; and

(B) In the case of a group Medicare supplement policy, the proposed certificate holder.

(2) "Certificate" means any certificate delivered or issued for delivery in the District of Columbia under a group Medicare supplement policy.

(3) "Certificate form" means the form on which the certificate is delivered or issued for delivery by the insurer.

(4) "Issuer" means an insurance company, a fraternal benefit association, a health care service plan, a health maintenance organization, and any other entity delivering or issuing for delivery in the District of Columbia Medicare supplement policies or certificates. The term "issuer" includes Group Hospitalization and Medical Services, Incorporated.

(5) "Medicare" means the health insurance program established pursuant to the Health Insurance for the Aged Act, approved July 30, 1965 (79 Stat. 290; 42 U.S.C. 303 *et seq.*).

(6) "Medicare supplement policy" means a group or individual policy of accident and sickness insurance or a subscriber contract of hospital and medical service associations or health maintenance organizations, other than a policy issued pursuant to a contract under section 1833 or 1876 of the Social Security Act, approved August 14, 1935 (42 U.S.C. 1395l or 3995 mm), or an issued policy under a demonstration project authorized pursuant to amendments to the Social Security Act, 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.

(7) "Policy form" means the form on which the policy is delivered or issued for delivery by the issuer.

Sec. 3. Applicability and scope.

New Section
35-2612

(a) Except as otherwise specifically provided in section 5, this act shall apply to:

(1) All Medicare supplement policies delivered or issued for delivery in the District of Columbia on or after the effective date hereof; and

(2) All certificates issued under group Medicare supplement policies, which certificates have been delivered or issued for delivery in the District of Columbia.

(b) This act shall not apply to a policy for 1 or more employers or labor organizations, or of the trustees of a fund established by 1 or more employers or labor organizations, or combination thereof, for employees or former employees or a combination thereof, or for members or former members, or a combination thereof, of the labor organizations.

(c) The provisions of this act are not intended to prohibit or apply to insurance policies or health care benefit plans, including group conversion policies, provided to Medicare eligible persons, which policies are not marketed or held to be Medicare supplement policies or benefit plans.

Sec. 4. Standards for policy provisions and authority to promulgate regulations.

New Section
35-2613

(a) No Medicare supplement policy or certificate in force in the District of Columbia shall contain benefits that duplicate benefits provided by Medicare.

(b) Notwithstanding any other provision of law of the District of Columbia, a Medicare supplement policy or certificate shall not include or limit benefits for losses incurred more than 6 months from the effective date of coverage because it involved a preexisting condition. The policy or certificate shall not define a preexisting condition more restrictively than a condition for which medical advice was given or treatment was recommended by or received from a physician within 6 months before the effective date of coverage.

(c) The Mayor shall issue reasonable regulations to establish specific standards for policy provisions of Medicare supplement policies and certificates. These standards shall be in addition to and in accordance with applicable laws of the District of Columbia. No requirement of District of Columbia law relating to minimum required policy benefits, other than the minimum standards contained in this act, shall apply to Medicare supplement policies and certificates. The standards may cover, but not be limited to:

- (1) Terms of renewability;
- (2) Initial and subsequent conditions of eligibility;
- (3) Nonduplication of coverage;
- (4) Probationary periods;
- (5) Benefit limitations, exceptions, and reductions;
- (6) Elimination periods;
- (7) Requirements for replacement;
- (8) Recurrent conditions; and
- (9) Definition of terms.

(d) The Mayor shall issue reasonable regulations to establish minimum standards for benefits, claims payment, marketing practices, compensation arrangements, and reporting practices for Medicare supplement policies and certificates.

(e) The Mayor may issue reasonable regulations necessary to conform Medicare supplement policies and certificates to the requirements of federal law and regulations promulgated thereunder, including, but not limited to:

(1) Requiring refunds or credits if the policies or certificates do not meet loss ratio requirements;

(2) Establishing a uniform methodology for calculating and reporting loss ratios;

(3) Assuring public access to policies, premiums, and loss ratio information of issuers of Medicare supplement insurance;

(4) Establishing a process for approving or disapproving policy forms and certificate forms and proposed premium increases;

(5) Establishing a policy for holding public hearings prior to approval of premium increases; and

(6) Establishing standards for Medicare select policies and certificates.

(f) The Mayor may issue reasonable regulations that specify prohibited policy provisions not otherwise specifically authorized by statute, which, in the opinion of the Mayor, are unjust, unfair, or unfairly discriminatory to any person insured or proposed to be insured under a Medicare supplement policy or certificate.

Sec. 5. Loss ratio standards.

Medicare supplement policies shall return to policyholders benefits which are reasonable in relation to the premium charged. The Mayor shall issue reasonable regulations to establish minimum standards for loss ratios of Medicare supplement policies on the basis of incurred claims experience, or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis, and earned premiums in accordance with accepted actuarial principles and practices.

New Section
35-2614

Sec. 6. Disclosure standards.

(a) In order to provide for full and fair disclosure in the sale of Medicare supplement policies, no Medicare supplement policy or certificate shall be delivered in the District of Columbia unless an outline of coverage is delivered to the applicant at the time application is made.

(b) The Mayor shall prescribe the format and content of the outline of coverage required by subsection (c) of this section. For purposes of this section, the term "format" means style, arrangements, and overall appearance, including such items as the size, color, and prominence of type and arrangement of text and captions. The outline of coverage shall include:

(1) A description of the principal benefits and coverage provided in the policy;

(2) A statement of the renewal provisions, including any reservation by the issuer of a right to change premiums, and disclosure of the existence of any automatic renewal premium increases based on the policyholder's age; and

New Section
35-2615

(3) A statement that the outline of coverage is a summary of the policy issued or applied for and that the policy should be consulted to determine governing contractual provisions.

(c) The Mayor may prescribe by regulation a standard form and the contents of an informational brochure for persons eligible for Medicare, which is intended to improve the buyer's ability to select the most appropriate coverage and improve the buyer's understanding of Medicare. Except in the case of the direct response insurance policies, the Mayor may require by regulation that the informational brochure be provided to any prospective insured eligible for Medicare concurrently with delivery of the outline of coverage. With respect to direct response insurance policies, the Mayor may require by regulation that the prescribed brochure be provided upon request to any prospective insured eligible for Medicare, but in no event later than the time of policy delivery.

(d) The Mayor may issue regulations for captions or notice requirements, determined to be in the public interest and designed to inform prospective insureds that particular insurance coverages are not Medicare supplement coverages, for all accident and sickness insurance policies sold to persons eligible for Medicare by reason of age, other than:

- (1) Medicare supplement policies;
- (2) Disability income policies;
- (3) Basic, catastrophic, or major medical expense policies; or
- (4) Single premium, nonrenewable policies.

(e) The Mayor may issue reasonable regulations to govern the full and fair disclosure of the information in connections with the replacement of accident and sickness policies, subscriber contracts, or certificates by persons eligible for Medicare.

Sec. 7. Filing requirements; master policy and certificate.

(a) Except as provided in subsection (b) of this section, any insurer who provides group Medicare supplement insurance benefits to a resident of the District shall file the master policy and certificate, as provided by rule issued pursuant to section 11.

(b) An insurer shall not be required to file the master policy and certificate within the 30-day period following the date that the insurance is provided if the policy is a master policy issued for delivery outside the District.

New Section
35-2616

Sec. 8. Notice of free examination.

Medicare supplement policies and certificates shall have a notice prominently printed on the 1st page of the policy or certificate, or attached thereto, stating in substance that the applicant shall have the right to return the policy or certificate within 30 days of its delivery and to have the premium refunded if, after examination of the policy or certificate, the applicant is not satisfied for any reason. Any refund made pursuant to this section shall be paid directly to the applicant by the issuer in a timely manner.

New Section
35-2617

Sec. 9. Filing requirements for advertising.

(a) The Mayor shall establish, by rule, standards for advertising Medicare supplement insurance and benefits in the District.

New Section
35-2618

(b) Each insurer, health care service plan, or other entity that provides Medicare supplement insurance or benefits in the District shall provide the Mayor, for review, a copy of any Medicare supplement advertisement intended for use in the District.

Sec. 10. Remedies.

New Section
35-2619

In addition to any other applicable penalty for a violation of the insurance laws of the District, the Mayor may require an insurer who violates this act, or rules issued pursuant to this act, to cease marketing in the District any Medicare supplement policy or certificate that is related directly or indirectly to a violation, or may require the issuer to take any actions necessary to comply with the provisions of this act, or both.

Sec. 11. Rules.

New Section
35-2620

(a) The Mayor shall issue proposed rules to implement the provisions of this act within 180 days of the effective date of this act. The proposed rules shall be submitted to the Council for a 45-day period of review, excluding Saturdays, Sundays, legal holidays, and days of Council recess. If the Council does not approve or disapprove the proposed rules, in whole or in part, by resolution within this 45-day period, the proposed rules shall be deemed approved. Nothing in this section shall affect any requirements imposed upon the Mayor by title 1 of the District of Columbia Administrative Procedures Act, approved October 21, 1968 (82 Stat. 1204; D.C. Code §1-1501 *et seq.*).

(b) The Mayor may issue emergency rules without prior Council approval, which shall be effective for not more than 120 days.

Sec. 12. Repeal.


Sections
35-2601
through
2610

The Medicare Catastrophic Coverage Repeal Minimum Guidelines Act of 1990, effective March 8, 1991 (D.C. Law 8-244; D.C. Code §35-2601 *et seq.*), is repealed.

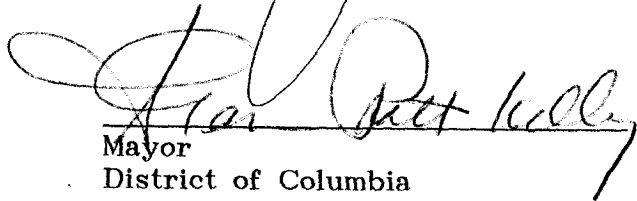
Sec. 13. Effective date.

This act shall take effect after a 30-day period of Congressional review following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto) as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code §1-233(c)(1)), and

publication in either the District of Columbia Statutes-at-Large, or the District of Columbia Municipal Regulations.



Chairman
Council of the District of Columbia



Mayor
District of Columbia

APPROVED: July 23, 1992



COUNCIL OF THE DISTRICT OF COLUMBIA

Council Period Nine

RECORD OF OFFICIAL COUNCIL VOTE

DOCKET NO: Bill 9-459

Item on Consent Calendar

ACTION & DATE: Adopted First Reading, 6-2-92

VOICE VOTE: Approved, Member Ray recused from voting

Recorded vote on request

Absent: all present

ROLL CALL VOTE: — RESULT _____ (____/____/____)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. WILSON					JARVIS					ROLARK				
BRAZIL					LIGHTFOOT					SMITH, JR.				
CRAWFORD					MASON					THOMAS, SR.				
CROPP					NATHANSON									
EVANS					RAY									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Deyle Low
Secretary to the Council

July 8, 1992
Date

Item on Consent Calendar

ACTION & DATE: Adopted Final Reading, 7-7-92

VOICE VOTE: Approved, Member Ray recused from voting

Recorded vote on request

Absent: all present

ROLL CALL VOTE: — RESULT _____ (____/____/____)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. WILSON					JARVIS					ROLARK				
BRAZIL					LIGHTFOOT					SMITH, JR.				
CRAWFORD					MASON					THOMAS, SR.				
CROPP					NATHANSON									
EVANS					RAY									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Deyle Low
Secretary to the Council

July 8, 1992
Date

Item on Consent Calendar

ACTION & DATE: _____

VOICE VOTE: _____

Recorded vote on request

Absent: _____

ROLL CALL VOTE: — RESULT _____ (____/____/____)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. WILSON					JARVIS					ROLARK				
BRAZIL					LIGHTFOOT					SMITH, JR.				
CRAWFORD					MASON					THOMAS, SR.				
CROPP					NATHANSON									
EVANS					RAY									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Secretary to the Council

Date