

FINAL BILL REPORT

SSB 5435

C 85 L 95

Synopsis as Enacted

Brief Description: Restricting limitations in certain medicare policies.

Sponsors: Senate Committee on Financial Institutions & Housing (originally sponsored by Senators Prentice, Hale, Fraser, Franklin, C. Anderson and Kohl; by request of Insurance Commissioner).

Senate Committee on Financial Institutions & Housing
House Committee on Health Care

Background: Medicare coverage is available to persons over the age of 65, persons suffering from end-stage renal disease, or persons who have disabilities. In many cases, insureds covered by Medicare choose to have additional insurance to pay for health care not covered by Medicare. Such additional coverage, called Medicare supplemental insurance coverage, is designed as a program which supplements reimbursements under the Medicare program.

Current law defines a preexisting condition under Medicare supplemental insurance as one where a person sought medical advice or treatment within the last six months. A person with a preexisting condition under Medicare supplemental programs must wait a maximum of six months for such coverage to take effect.

Medicare supplemental insurance companies set different premiums through level entry age rating or community rating. Level entry age rating determines premiums based on the age of the individual when the individual first purchases the Medicare supplemental policy. Community rating sets premiums based on the entire community insured by the Medicare supplemental policies. It is suggested that Medicare supplemental insurance companies should implement a community rating system, where insurers set rates, in two pools, one for those eligible for Medicare because of age, and one for those eligible for Medicare because of a disability or because of end-stage renal disease.

Summary: On or after January 1, 1996, the maximum preexisting condition limitation is three months.

On or after January 1, 1996, full transfer and portability among and between the Medicare supplemental policies with standardized benefit plans B,C,D,E,F, or G are provided without regard to insurability. Transfer is assured between policyholders of plans A,H, I, J from company to company, but strictly from plan to plan. For example, a current policyholder with a plan H from company X can transfer to company Y, but can only be eligible for plan H.

Rates for Medicare supplemental insurance policies must be set only on a community rated basis.

Votes on Final Passage:

Senate 45 0

House 97 0

Effective: July 23, 1995