SENATE BILL NO. 218

INTRODUCED BY MEYER, BRANDEWIE

BY REQUEST OF THE STATE AUDITOR

IN THE SENATE

JANUARY 24, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
FEBRUARY 9, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 10, 1987	PRINTING REPORT.
FEBRUARY 12, 1987	SECOND READING, DO PASS.
FEBRUARY 13, 1987	ENGROSSING REPORT.
FEBRUARY 14, 1987	THIRD READING, PASSED. AYES, 47; NOES, 2.
	TRANSMITTED TO HOUSE.
	IN THE HOUSE
FEBRUARY 18, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & LABOR.
MARCH 6, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 9, 1987	SECOND READING, CONCURRED IN.
MARCH 10, 1987	THIRD READING, CONCURRED IN. AYES, 92; NOES, 2.
	RETURNED TO SENATE.
	IN THE SENATE

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

MARCH 11, 1987

1 Mac DOUGE ED	By Meyer Brill NO. 218	
INTRODUCE		_
	BY REQUEST OF THE STATE AUDITOR	

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A BILL FOR AN ACT ENTITLED: "AN ACT REGULATING THE DISCONTINUANCE, NONRENEWAL, OR REPLACEMENT OF MEDICARE SUPPLEMENT INSURANCE."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Discontinuance or nonrenewal -- alternate policy -- same insurer. (1) If a disability insurer discontinues or does not renew a medicare supplement policy product and offers an alternate medicare supplement policy to its insureds within this state, it may not deny benefits under the replacing policy to an insured who receives treatment for a condition that was a covered expense under the replacing policy and is a covered expense under the replacing policy if the insured enrolls in and pays the premium for the replaced policy within 31 days after the termination of the replaced policy.

(2) A disability insurer who discontinues or does not renew a medicare supplement policy product and offers an alternate medicare supplement policy shall base its premium for the alternate policy on the rates currently in place for that policy.

(3) If the insured has not satisfied the preexisting condition limitation under the replaced medicare supplement policy, any period of time that was covered by that policy must be credited toward the preexisting condition limitation period of the replacing policy.

Section 2. Discontinuance or nonrenewal -- alternate
policy -- unauthorized bulk reinsurance. (1) Alternate
medicare supplement coverage as provided in [section 1] must
be offered to its insureds by a disability insurer that:

- 10 (a) bulk cedes its medicare supplement policy business
 11 to an insurer that does not meet the requirements of chapter
 12 2;
- (b) authorizes the bulk reinsurer to administer the medicare supplement policies on its behalf; and
- 15 (c) discontinues or does not renew a medicare
 16 supplement policy product.
- 17 (2) the premium for the alternate policy referred to
 18 in subsection (1) must be based on actuarially justified
 19 rates.

Section 3. Replacement policy -- different insurer.

(1) If a disability insurer replaces a medicare supplement policy, it may not deny benefits under the replacing policy to an insured who receives treatment for a condition that was a covered expense under the replaced policy and is a covered expense under the replacing policy if the insured

- pays the premium for the replacing policy when due or within
 due or within
 due or within
 - (2) An insurer who replaces a medicare supplement policy shall base its premium for the replacement policy on the rates currently in place for that policy.

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- 6 (3) If the insured has not satisfied the preexisting
 7 condition limitation under the replaced medicare supplement
 8 policy, any period of time that was covered by that policy
 9 must be credited toward the preexisting condition limitation
 10 period of the replacing policy.
- 11 (4) To receive the benefits of subsections (1) through
 12 (3), a person shall submit to the replacing insurer proof of
 13 prior coverage, evidence of benefits provided under the
 14 previous policy, and the effective date and the date of
 15 termination of coverage under the previous policy.
 - Section 4. Renewal requirement. (1) If a person pays a renewal premium on the date it is due or within 31 days after it is due, an insurer may not refuse to renew a medicare supplement policy unless the insurer:
- 20 (a) refuses to renew all policies in this state that
 21 are of the same form and issued to persons of the same
 22 class; and
- 23 (b) offers a replacement policy at actuarially 24 justified rates.
- 25 (2) If an insurer refuses to renew all policies in

- this state that are of the same form and issued to persons
- 2 of the same class, the policies will remain in force during
- 3 the grace period stated in the replaced policy. An insurer's
- 4 refusal to renew a policy may not affect a claim that arose
- 5 under the replaced policy during the period in which an
- 6 insured was confined without interruption to a medical care
- 7 facility for treatment.
- 8 Section 5. Extension of authority. Any existing
- 9 authority of the commissioner of insurance to make rules on
- 10 the subject of the provisions of this act is extended to the
- ll provisions of this act.
- 12 Section 6. Codification instruction. Sections 1
- 13 through 4 are intended to be codified as an integral part of
- 14 Title 33, chapter 22, part 9, and the provisions of Title
- 15 33, chapter 22, part 9, apply to sections 1 through 4.

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that policy.

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APPROVED BY COMM. ON BUSINESS & INDUSTRY

	A
1	BILL NO. 218
2	INTRODUCED BY Meyer 120 Lew
3	BY REQUEST OF THE STATE AUDITOR
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5	A BILL FOR AN ACT ENTITLED: "AN ACT REGULATING THE
6	DISCONTINUANCE, NONRENEWAL, OR REPLACEMENT OF MEDICARE
7	SUPPLEMENT INSURANCE."
8	
9	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
LO	Section 1. Discontinuance or nonrenewal alternate
.1	policy same insurer. (1) If a disability insurer
. 2	discontinues or does not renew a medicare supplement policy
L 3	product and offers an alternate medicare supplement policy
14	to its insureds within this state, it may not deny benefits
15	under the replacing policy to an insured who receives
16	treatment for a condition that was a covered expense under
17	the replaced policy and is a covered expense under the
LB	replacing policy if the insured enrolls in and pays the
19	premium for the replacing policy within 31 days after the
20	termination of the replaced policy.
21	(2) A disability insurer who discontinues or does not
22	renew a medicare supplement policy product and offers an
23	alternate medicare supplement policy shall base its premium

for the alternate policy on the rates currently in place for

(3) If the insured has not satisfied the preexisting
condition limitation under the replaced medicare supplement
policy, any period of time that was covered by that policy
must be credited toward the preexisting condition limitation
period of the replacing policy.

- Section 2. Discontinuance or nonrenewal -- alternate

 policy -- unauthorized bulk reinsurance. (1) Alternate

 medicare supplement coverage as provided in [section 1] must

 be offered to its insureds by a disability insurer that:
- 10 (a) bulk cedes its medicare supplement policy business
 11 to an insurer that does not meet the requirements of chapter
 12 2;
- 13 (b) authorizes the bulk reinsurer to administer the 14 medicare supplement policies on its behalf; and
- 15 (c) discontinues or does not renew a medicare
 16 supplement policy product.
- 17 (2) the premium for the alternate policy referred to 18 in subsection (1) must be based on actuarially justified 19 rates.
- 20 Section 3. Replacement policy -- different insurer.
- 21 (1) If a disability insurer replaces a medicare supplement
- 22 policy, it may not deny benefits under the replacing policy
- 23 to an insured who receives treatment for a condition that
- 24 was a covered expense under the replaced policy and is a
- 25 covered expense under the replacing policy if the insured

facility for treatment.

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pays the premium for the replacing policy when due or within
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(2) An insurer who replaces a medicare supplement policy shall base its premium for the replacement policy on the rates currently in place for that policy.

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- 6 (3) If the insured has not satisfied the preexisting
 7 condition limitation under the replaced medicare supplement
 8 policy, any period of time that was covered by that policy
 9 must be credited toward the preexisting condition limitation
 10 period of the replacing policy.
 - (4) To receive the benefits of subsections (1) through (3), a person shall submit to the replacing insurer proof of prior coverage, evidence of benefits provided under the previous policy, and the effective date and the date of termination of coverage under the previous policy.
- Section 4. Renewal requirement. (1) If a person pays
 a renewal premium on the date it is due or within 31 days
 after it is due, an insurer may not refuse to renew a
 medicare supplement policy unless the insurer:
- 20 (a) refuses to renew all policies in this state that
 21 are of the same form and issued to persons of the same
 22 class; and
- 23 (b) offers a replacement policy at actuarially 24 justified rates.
- 25 (2) If an insurer refuses to renew all policies in

this state that are of the same form and issued to persons

the same class, the policies will remain in force during

the grace period stated in the replaced policy. An insurer's

refusal to renew a policy may not affect a claim that arose

under the replaced policy during the period in which an

insured was confined without interruption to a medical care

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- 8 Section 5. Extension of authority. Any existing 9 authority of the commissioner of insurance to make rules on 10 the subject of the provisions of this act is extended to the provisions of this act.
- Section 6. Codification instruction. Sections 1
 through 4 are intended to be codified as an integral part of
 Title 33, chapter 22, part 9, and the provisions of Title
 33, chapter 22, part 9, apply to sections 1 through 4.

1 BILL NO. 2

2 INTRODUCED BY STATE AUDITOR

3 BY REQUEST OF THE STATE AUDITOR

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5 A BILL FOR AN ACT ENTITLED: "AN ACT REGULATING THE 6 DISCONTINUANCE, NONRENEWAL, OR REPLACEMENT OF MEDICARE 7 SUPPLEMENT INSURANCE."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Discontinuance or nonrenewal — alternate policy — same insurer. (1) If a disability insurer discontinues or does not renew a medicare supplement policy product and offers an alternate medicare supplement policy to its insureds within this state, it may not deny benefits under the replacing policy to an insured who receives treatment for a condition that was a covered expense under the replacing policy and is a covered expense under the replacing policy if the insured enrolls in and pays the premium for the replaced policy within 31 days after the termination of the replaced policy.

(2) A disability insurer who discontinues or does not renew a medicare supplement policy product and offers an alternate medicare supplement policy shall base its premium for the alternate policy on the rates currently in place for that policy.

Montana Legislative Council

1 (3) If the insured has not satisfied the preexisting
2 condition limitation under the replaced medicare supplement
3 policy, any period of time that was covered by that policy
4 must be credited toward the preexisting condition limitation

period of the replacing policy.

Section 2. Discontinuance or nonrenewal -- alternate
policy -- unauthorized bulk reinsurance. (1) Alternate
medicare supplement coverage as provided in [section 1] must

be offered to its insureds by a disability insurer that:

10 (a) bulk cedes its medicare supplement policy business
11 to an insurer that does not meet the requirements of chapter
12 2;

(b) authorizes the bulk reinsurer to administer the medicare supplement policies on its behalf; and

15 (c) discontinues or does not renew a medicare 16 supplement policy product.

17 (2) the premium for the alternate policy referred to 18 in subsection (1) must be based on actuarially justified 19 rates.

Section 3. Replacement policy -- different insurer.

(1) If a disability insurer replaces a medicare supplement

policy, it may not deny benefits under the replacing policy

an insured who receives treatment for a received

23 to an insured who receives treatment for a condition that 24 was a covered expense under the replaced policy and is a

25 covered expense under the replacing policy if the insured

pays the premium for the replacing policy when due or within 31 days after the termination of the replaced policy.

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- 3 (2) An insurer who replaces a medicare supplement policy shall base its premium for the replacement policy on 4 the rates currently in place for that policy. 5
 - (3) If the insured has not satisfied the preexisting condition limitation under the replaced medicare supplement policy, any period of time that was covered by that policy must be credited toward the preexisting condition limitation period of the replacing policy.
 - (4) To receive the benefits of subsections (1) through (3), a person shall submit to the replacing insurer proof of prior coverage, evidence of benefits provided under the previous policy, and the effective date and the date of termination of coverage under the previous policy.
 - Section 4. Renewal requirement. (1) If a person pays a renewal premium on the date it is due or within 31 days after it is due, an insurer may not refuse to renew a medicare supplement policy unless the insurer:
- (a) refuses to renew all policies in this state that 21 are of the same form and issued to persons of the same class; and
- 23 (b) offers a replacement policy at actuarially 24 justified rates.
- 25 (2) If an insurer refuses to renew all policies in

- this state that are of the same form and issued to persons 1
- of the same class, the policies will remain in force during 2
- the grace period stated in the replaced policy. An insurer's 3
- refusal to renew a policy may not affect a claim that arose
 - under the replaced policy during the period in which an
- insured was confined without interruption to a medical care
- facility for treatment.
- Section 5. Extension of authority. Any existing
 - authority of the commissioner of insurance to make rules on
- 10 the subject of the provisions of this act is extended to the
- 11 provisions of this act.
- 12 Section 6. Codification instruction. Sections 1
- 13 through 4 are intended to be codified as an integral part of
- Title 33, chapter 22, part 9, and the provisions of Title 14
- 15 33, chapter 22, part 9, apply to sections 1 through 4.

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5	A	BILL	FOR	AN	ACT	ENTITLED:	"AN	ACT	REGULATING	THE

DISCONTINUANCE. 7 SUPPLEMENT INSURANCE."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NONRENEWAL, OR REPLACEMENT OF MEDICARE

Section 1. Discontinuance or nonrenewal -- alternate policy -- same insurer. (1) If a disability insurer discontinues or does not renew a medicare supplement policy product and offers an alternate medicare supplement policy to its insureds within this state, it may not deny benefits under the replacing policy to an insured who receives treatment for a condition that was a covered expense under the replaced policy and is a covered expense under the replacing policy if the insured enrolls in and pays the premium for the replacing policy within 31 days after the termination of the replaced policy.

(2) A disability insurer who discontinues or does not renew a medicare supplement policy product and offers an alternate medicare supplement policy shall base its premium for the alternate policy on the rates currently in place for that policy.

(3) If the insured has not satisfied the preexisting
condition limitation under the replaced medicare supplement
policy, any period of time that was covered by that policy
must be credited toward the preexisting condition limitation
period of the replacing policy.

6 Section 2. Discontinuance or nonrenewal -- alternate policy -- unauthorized bulk reinsurance. (1) Alternate medicare supplement coverage as provided in [section 1] must be offered to its insureds by a disability insurer that:

- 10 (a) bulk cedes its medicare supplement policy business to an insurer that does not meet the requirements of chapter 11 12 2;
 - (b) authorizes the bulk reinsurer to administer the medicare supplement policies on its behalf; and
- 15 (c) discontinues or does not renew a medicare supplement policy product. 16
- (2) the premium for the alternate policy referred to 17 18 in subsection (1) must be based on actuarially justified 19 rates.
- Section 3. Replacement policy -- different insurer. 20
- (1) If a disability insurer replaces a medicare supplement 21 22 policy, it may not deny benefits under the replacing policy
- 23 to an insured who receives treatment for a condition that
- was a covered expense under the replaced policy and is a 24
- 25 covered expense under the replacing policy if the insured

pays the premium for the replacing policy when due or within
days after the termination of the replaced policy.

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- (2) An insurer who replaces a medicare supplement policy shall base its premium for the replacement policy on the rates currently in place for that policy.
- (3) If the insured has not satisfied the preexisting condition limitation under the replaced medicare supplement policy, any period of time that was covered by that policy must be credited toward the preexisting condition limitation period of the replacing policy.
- (4) To receive the benefits of subsections (1) through (3), a person shall submit to the replacing insurer proof of prior coverage, evidence of benefits provided under the previous policy, and the effective date and the date of termination of coverage under the previous policy.
- Section 4. Renewal requirement. (1) If a person pays a renewal premium on the date it is due or within 31 days after it is due, an insurer may not refuse to renew a medicare supplement policy unless the insurer:
- (a) refuses to renew all policies in this state that are of the same form and issued to persons of the same class; and
- 23 (b) offers a replacement policy at actuarially 24 justified rates.
- 25 (2) If an insurer refuses to renew all policies in

- 1 this state that are of the same form and issued to persons
- 2 of the same class, the policies will remain in force during
- 3 the grace period stated in the replaced policy. An insurer's
- 4 refusal to renew a policy may not affect a claim that arose
- 5 under the replaced policy during the period in which an
- 6 insured was confined without interruption to a medical care
- 7 facility for treatment.
- 8 Section 5. Extension of authority. Any existing
- 9 authority of the commissioner of insurance to make rules on
- 10 the subject of the provisions of this act is extended to the
- ll provisions of this act.
- 12 Section 6. Codification instruction. Sections 1
- 13 through 4 are intended to be codified as an integral part of
- 14 Title 33, chapter 22, part 9, and the provisions of Title
- 15 33, chapter 22, part 9, apply to sections 1 through 4.