

1 *Senate* BILL NO. *218*
 2 INTRODUCED BY *Meyer* *B. Lewis*
 3 BY REQUEST OF THE STATE AUDITOR
 4

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:

10 Section 1. Discontinuance or nonrenewal -- alternate
 11 policy -- same insurer. (1) If a disability insurer
 12 discontinues or does not renew a medicare supplement policy
 13 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
 18 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
 24 for the alternate policy on the rates currently in place for
 25 that policy.

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
 5 period of the replacing policy.

6 Section 2. Discontinuance or nonrenewal -- alternate
 7 policy -- unauthorized bulk reinsurance. (1) Alternate
 8 medicare supplement coverage as provided in [section 1] must
 9 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
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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.

16 Section 4. Renewal requirement. (1) If a person pays
17 a renewal premium on the date it is due or within 31 days
18 after it is due, an insurer may not refuse to renew a
19 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

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
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
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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BUSINESS & INDUSTRY

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