

HOUSE BILL NO. 465

INTRODUCED BY RYAN, FRANKLIN, T. NELSON, BARNHART,
SQUIRES, WILSON, JACOBSON, BRUSKI-MAUS, STANG,
COBB, WELDON, DRISCOLL, YELLOWTAIL, ECK, BIRD,
RYE, WANZENRIED, EWER, SCHYE, TOWE, BOHARSKI
BY REQUEST OF THE STATE AUDITOR

IN THE HOUSE

FEBRUARY 4, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT.
	FIRST READING.
FEBRUARY 19, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 20, 1993	PRINTING REPORT.
	SECOND READING, DO PASS.
FEBRUARY 22, 1993	ENGROSSING REPORT.
FEBRUARY 23, 1993	THIRD READING, PASSED. AYES, 100; NOES, 0.
FEBRUARY 24, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 1, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
	FIRST READING.
MARCH 10, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 11, 1993	ON MOTION, CONSIDERATION PASSED FOR THE DAY.
MARCH 12, 1993	SECOND READING, CONCURRED IN.
MARCH 13, 1993	THIRD READING, CONCURRED IN. AYES, 47; NOES, 0.
	RETURNED TO HOUSE.

IN THE HOUSE

MARCH 15, 1993

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 465
 2 INTRODUCED BY W. H. Wilson
 3 B. B. Bingham BY REQUEST OF THE STATE AUDITOR
 4 Wilson Wilson Wilson Wilson Wilson Wilson Wilson Wilson Wilson Wilson
 5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE
 6 ~~UNRECORDED~~ LAWS RELATING TO MEDICARE SUPPLEMENT INSURANCE; REVISING
 7 MEDICARE SUPPLEMENT INSURANCE MINIMUM STANDARDS TO COMPLY
 8 WITH THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990, PUBLIC
 9 LAW 101-508; AMENDING SECTIONS 33-22-902, 33-22-903,
 10 33-22-904, 33-22-905, 33-22-906, 33-22-907, 33-22-908,
 11 33-22-910, AND 33-22-911, MCA; AND PROVIDING AN IMMEDIATE
 12 EFFECTIVE DATE."

13
 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 **Section 1.** Section 33-22-902, MCA, is amended to read:

16 "33-22-902. Purpose. The purpose of this part is to
 17 establish minimum standards for medicare supplement
 18 insurance policies and certificates and to establish a
 19 regulatory program that meets the requirements of Public-law
 20 96-265-the-Social-Security-Disability-Amendments-of-1980,
 21 approved-June-9-1980 42 U.S.C. 1395as(p)(1)(A)."

22 **Section 2.** Section 33-22-903, MCA, is amended to read:

23 "33-22-903. Definitions. As used in this part, the
 24 following definitions apply:

25 (1) "Applicant" means:

1 (a) in the case of an individual medicare supplement
 2 policy or--subscriber--contract, the person who seeks to
 3 contract for insurance benefits; and

4 (b) in the case of a group medicare supplement policy
 5 or-subscriber-contract, the proposed certificate holder.

6 (2) "Certificate" means a certificate delivered or
 7 issued for delivery in this state under a group medicare
 8 supplement policy or-subscriber-contract.

9 (3) "Certificate form" means the form on which the
 10 certificate is delivered or issued for delivery by the
 11 issuer.

12 (4) "Entity" means an insurer as defined in
 13 33-1-201, a health service corporation as defined in
 14 33-30-101, and a health maintenance organization as defined
 15 in 33-31-102.

16 (5) "Health care expenses":

17 (a) means expenses of a health maintenance organization
 18 associated with the delivery of health care services that
 19 are analogous to incurred losses of an insurer;

20 (b) does not include home office and overhead costs,
 21 advertising costs, commissions and other acquisition costs,
 22 taxes, capital costs, administrative costs, or claims
 23 processing costs.

24 (6) "Issuer" includes insurance companies, fraternal
 25 benefit societies, health care service plans, health

1 maintenance organizations, and any entity delivering or
 2 issuing for delivery in this state medicare supplement
 3 policies or certificates.

4 (5)(7) "Medicare" means Health Insurance for the Aged,
 5 Title XVIII of the Social Security Amendments of 1965, as
 6 then constituted or later amended.

7 (6)(8) "Medicare supplement policy" means a group or
 8 individual policy of disability insurance or a subscriber
 9 contract of a health service corporation, other than a
 10 policy issued pursuant to a contract under 42 U.S.C. 1395l
 11 or 1395mm, or a policy issued under a demonstration project
 12 authorized pursuant to amendments to the federal Social
 13 Security Act, that is advertised, marketed, or designed
 14 primarily as a supplement to reimbursements under medicare
 15 for the hospital, medical, or surgical expenses of persons
 16 eligible for medicare by-reason-of-age. The term does not
 17 include:

18 (a) a policy or contract of one or more employers or
 19 labor organizations or of the trustees of a fund established
 20 by one or more employers or labor organizations, or a
 21 combination thereof of employers, organizations, and
 22 trustees, for employees or former employees, or a
 23 combination thereof of current and former employees, or for
 24 members or former members, or a combination thereof of
 25 current and former members, of the labor organizations; or

1 (b)--a-policy-or-contract-of-any-professional-trader-or
 2 occupational--association--for--its--members--or--former--or
 3 retired-members,-or-combination-thereof,-if-the-association
 4 (i)--is-composed-of-individuals-all-of-whom-are-actively
 5 engaged-in-the-same-profession,-trader,-or-occupation;
 6 (ii)--has--been--maintained--in--good--faith-for-purposes
 7 other-than-obtaining-insurance,-and
 8 (iii)--has-been-in-existence-for-at-least-2--years--prior
 9 to-the-date-of-its-initial-offering-of-the-policy-or-plan-to
 10 its-members;

11 (c)(b) individual policies or contracts issued pursuant
 12 to a conversion privilege under a policy or contract of
 13 group or individual insurance when the group or individual
 14 policy or contract includes provisions that are inconsistent
 15 with the requirements of this part or policies issued to
 16 employees or members as additions to franchise plans in
 17 existence on April 8, 1981.

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

20 **Section 3.** Section 33-22-904, MCA, is amended to read:

21 "33-22-904. Standards for policy provisions -- rules.
 22 (1) A medicare supplement insurance policy,--contract, or
 23 certificate in force in this state may not contain benefits
 24 that duplicate benefits provided by medicare.

25 (2) The commissioner shall adopt reasonable rules to

1 establish specific standards for policy provisions of
 2 medicare supplement policies and certificates. A requirement
 3 of this code relating to minimum required policy benefits,
 4 other than the minimum standards contained in this part, may
 5 not apply to medicare supplement policies and certificates.
 6 The standards are in addition to and in accordance with
 7 applicable laws of this state, including the provisions of
 8 Title 33, chapter 22, and may cover but are not limited to:

- 9 (a) terms of renewability;
- 10 (b) initial and subsequent conditions of eligibility;
- 11 (c) nonduplication of coverage;
- 12 (d) probationary periods;
- 13 (e) benefit limitations, exceptions, and reductions;
- 14 (f) elimination periods;
- 15 (g) requirements for replacement;
- 16 (h) recurrent conditions; and
- 17 (i) definitions of terms.

18 (3) The commissioner may adopt reasonable rules that
 19 prohibit policy or certificate provisions not otherwise
 20 specifically authorized by statute that, in the opinion of
 21 the commissioner, are unjust, unfair, or unfairly
 22 discriminatory to any person insured or proposed for
 23 coverage under a medicare supplement policy or certificate.
 24 (4) Notwithstanding any other provisions of the law, a
 25 medicare supplement policy or certificate may not deny--a

1 ~~claim exclude or limit benefits~~ for losses incurred more
 2 than 6 months from the effective date of coverage ~~for~~
 3 ~~because it involved a preexisting condition. The policy or~~
 4 ~~certificate may not define a preexisting condition more~~
 5 ~~restrictively than a condition for which medical advice was~~
 6 ~~given or treatment was recommended by or received from a~~
 7 ~~physician within 6 months before the effective date of~~
 8 ~~coverage.~~

9 (5) The commissioner may adopt rules necessary to
 10 conform medicare supplement policies and certificates to the
 11 requirements of federal law and federal regulations,
 12 including but not limited to rules:

- 13 (a) requiring refunds or credits if the policies or
 14 certificates do not meet loss requirements;
- 15 (b) establishing a uniform methodology for calculating
 16 and reporting loss ratios;
- 17 (c) ensuring public access to policies, premiums, and
 18 loss ratio information of issuers of medicare supplement
 19 insurance;
- 20 (d) establishing a process for approving or
 21 disapproving policy forms and certificate forms and proposed
 22 premium increases; and
- 23 (e) establishing a policy for holding public hearings
 24 prior to approval of premium increases."

25 **Section 4.** Section 33-22-905, MCA, is amended to read:

"33-22-905. Minimum standards for benefits and payment of claims -- rules. The commissioner shall adopt reasonable rules to establish minimum standards for benefits, and payment of claims, marketing practices, compensation arrangements, and reporting practices for medicare supplement policies and certificates."

Section 5. Section 33-22-906, MCA, is amended to read:

"33-22-906. Loss ratio standards and filing requirements -- limits on compensation. ~~†††~~Every entity providing group medicare supplement insurance benefits to a resident of this state shall file a copy of the master policy and each certificate used in this state with the commissioner as required by 33-1-501. The filing must be made not less than 60 days in advance of the delivery of any certificate or policy to a resident of this state.

~~†2†(1)~~ Medicare supplement policies and certificates are expected to must return to policyholders or certificate holders benefits that are reasonable in relation to the premium charged. The commissioner shall adopt reasonable rules to establish minimum standards for loss ratios of medicare supplement policies and certificates 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 for the entire period for which rates

are computed to provide coverage and in accordance with accepted actuarial principles and practices. For purposes of rules adopted pursuant to this section, medicare supplement policies and certificates issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, ~~shall~~ must be treated as ~~individual~~ group policies. Every entity providing medicare supplement insurance benefits to a resident of this state shall make premium adjustments:

(a) necessary to produce an expected loss ratio under the policy or ~~contract~~ certificate that meets the minimum loss ratio standards for medicare supplement policies and certificates as established by rule; and

(b) expected to result in a loss ratio at least as great as that originally anticipated by the entity when it established current premiums for the medicare supplement insurance policy or ~~contract~~ certificate.

~~†3†(2)~~ The commissioner shall by rule establish the timing and manner of the premium adjustments. Every entity providing medicare supplement policies or certificates in this state shall annually file with the commissioner its rates, rating schedule, and supporting documentation demonstrating that it is in compliance with the applicable loss ratio standards of this part. An entity transacting medicare supplement insurance in this state may not adjust

1 its rates more than twice a year and may not adjust its
 2 rates for the first year a policy is in force, except to
 3 allow for changes in federal laws or regulations relating to
 4 medicare. Each filing of rates and rating schedules must
 5 demonstrate that the actual and expected losses in relation
 6 to premiums complies with the requirements of this part.

7 ~~†4†~~(3) An entity may not provide compensation to its
 8 insurance producers that is greater than the renewal
 9 compensation that would be paid on an existing policy or
 10 certificate if:

11 (a) the existing policy or certificate were replaced by
 12 another policy or certificate with the same insurer and the
 13 new policy benefits are substantially similar to the
 14 benefits under the old policy or certificate; and

15 (b) the old policy or certificate was issued by the
 16 same insurer or insurance group."

17 **Section 6.** Section 33-22-907, MCA, is amended to read:

18 "33-22-907. Disclosure standards -- informational
 19 brochure -- rules. (1) In order to provide for full and fair
 20 disclosure in the sale of medicare supplement policies and
 21 certificates, a medicare supplement policy may not be
 22 delivered or issued for delivery in this state and a
 23 certificate may not be delivered pursuant to a group
 24 medicare supplement policy delivered or issued for delivery
 25 in this state unless an outline of coverage is delivered to

1 the applicant at the time application is made. The outline
 2 of coverage must be filed with the commissioner as required
 3 by 33-1-501. The filing must be made at least 60 days in
 4 advance of the date the outline of coverage is delivered to
 5 any resident of this state.

6 (2) (a) The commissioner shall prescribe the format and
 7 content of the outline of coverage required by subsection
 8 (1).

9 (b) For purposes of this section, "format" means style,
 10 arrangements, and overall appearance, including such items
 11 as the size, color, and prominence of type and the
 12 arrangement of text and captions.

13 (c) The outline of coverage must include:

14 (i) a description of the principal benefits and
 15 coverage provided in the policy or certificate;

16 (ii) a statement of the exceptions, reductions, and
 17 limitations contained in the policy or certificate;

18 (iii) a statement of the renewal provisions including
 19 any reservation by the insurer issuer of a right to change
 20 premiums and disclosure of the existence of any automatic
 21 renewal premium increases based on the policyholder's or
 22 certificate holder's age;

23 (iv) a statement that the outline of coverage is a
 24 summary of the policy or certificate issued or applied for
 25 and that the policy or certificate should be consulted to

1 determine governing contractual provisions.

2 (3) The commissioner may prescribe by rule a standard
3 form and the contents of an informational brochure for
4 persons eligible for medicare ~~by-reason-of-age~~, which is
5 intended to improve the buyer's ability to select the most
6 appropriate coverage and improve the buyer's understanding
7 of medicare. Except in the case of direct response insurance
8 policies, the commissioner may require by rule that the
9 information brochure be provided to any prospective insureds
10 eligible for medicare at the same time the outline of
11 coverage is delivered. With respect to direct response
12 insurance policies, the commissioner may require by rule
13 that the prescribed brochure be provided upon request, but
14 not later than the time of policy delivery, to any
15 prospective insureds eligible for medicare ~~by-reason-of-age~~.

16 (4) The commissioner may adopt reasonable rules for
17 captions or notice requirements, determined to be in the
18 public interest and designed to inform prospective insureds
19 that particular insurance coverages are not medicare
20 supplement coverages, for all accident and sickness
21 insurance policies sold to persons eligible for medicare ~~by~~
22 ~~reason-of-age~~, other than:

- 23 (a) medicare supplement policies or certificates;
- 24 (b) disability income policies;
- 25 (c) basic, catastrophic, or major medical expense

1 policies;

- 2 (d) single premium, nonrenewable policies; or
- 3 (e) other policies excepted in 33-22-903~~(6)~~(8).

4 (5) The commissioner may further adopt reasonable rules
5 to govern the full and fair disclosure of the information in
6 connection with the replacement of accident and sickness
7 policies~~, subscriber-contracts~~, or certificates by persons
8 eligible for medicare ~~by-reason-of-age~~.

9 (6) As soon as practicable, but no later than 30 days
10 before the annual effective date of a medicare benefit
11 change, every entity providing medicare supplement insurance
12 or benefits to a resident of this state shall notify its
13 policyholders~~, contract-holders~~, and certificate holders, in
14 a format that the commissioner prescribes by rule, of the
15 changes it has made to the medicare supplement insurance
16 policy or contract certificate."

17 **Section 7.** Section 33-22-908, MCA, is amended to read:

18 "33-22-908. Notice of free examination. Medicare
19 supplement policies or and certificates must have a notice
20 prominently printed on the first page of the policy or
21 certificate or attached thereto to the policy or certificate
22 stating in substance that the applicant has the right to
23 return the policy or certificate within 30 days of its
24 delivery and to have the premium refunded if, after
25 examination of the policy or certificate, the applicant is

not satisfied for any reason. The ~~insurer~~ issuer shall pay any refund made pursuant to this section directly to the applicant in a timely manner."

Section 8. Section 33-22-910, MCA, is amended to read:

"33-22-910. Filing requirements for advertising. Every entity-providing issuer of medicare supplement insurance--or benefits policies or certificates in this state shall provide to the commissioner for his the commissioner's review or approval a copy of any medicare supplement advertising intended for use in this state, whether through written, radio, or television medium."

Section 9. Section 33-22-911, MCA, is amended to read:

"33-22-911. Penalties. In addition to any other penalties for violations of the insurance code, the commissioner may after hearing require entities issuers violating any provision of or rule adopted under Title 33, chapter 16, or this part to cease marketing a medicare supplement policy or certificate in this state that is related directly or indirectly to the violation or take such action as that is necessary to comply with the provisions of Title 33, chapter 16, or this part or the rules adopted under Title 33, chapter 16, or this part, or both."

NEW SECTION. Section 10. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this

act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. Section 11. Effective date. [This act] is effective on passage and approval.

-End-

APPROVED BY COMM. ON BUSINESS
AND ECONOMIC DEVELOPMENT

1 House BILL NO. 465
2 INTRODUCED BY W. Wilson
3 By Request of the State Auditor
4 Wilson
5 A BILL FOR AN ACT ENTITLED: AN ACT GENERALLY REVISING THE
6 LAWS RELATING TO MEDICARE SUPPLEMENT INSURANCE; REVISING
7 MEDICARE SUPPLEMENT INSURANCE MINIMUM STANDARDS TO COMPLY
8 WITH THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990, PUBLIC
9 LAW 101-508; AMENDING SECTIONS 33-22-902, 33-22-903,
10 33-22-904, 33-22-905, 33-22-906, 33-22-907, 33-22-908,
11 33-22-910, AND 33-22-911, MCA; AND PROVIDING AN IMMEDIATE
12 EFFECTIVE DATE."

13
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 **Section 1.** Section 33-22-902, MCA, is amended to read:

16 "33-22-902. Purpose. The purpose of this part is to
17 establish minimum standards for medicare supplement
18 insurance policies and certificates and to establish a
19 regulatory program that meets the requirements of Public Law
20 96-265, the Social Security Disability Amendments of 1980,
21 approved June 9, 1980 42 U.S.C. 1395ss(p)(1)(A)."

22 **Section 2.** Section 33-22-903, MCA, is amended to read:

23 "33-22-903. Definitions. As used in this part, the
24 following definitions apply:

25 (1) "Applicant" means:

1 (a) in the case of an individual medicare supplement
2 policy or--subscriber--contract, the person who seeks to
3 contract for insurance benefits; and

4 (b) in the case of a group medicare supplement policy
5 or-subscriber-contract, the proposed certificate holder.

6 (2) "Certificate" means a certificate delivered or
7 issued for delivery in this state under a group medicare
8 supplement policy or-subscriber-contract.

9 (3) "Certificate form" means the form on which the
10 certificate is delivered or issued for delivery by the
11 issuer.

12 (4) "Entity" means an insurer as defined in
13 33-1-201, a health service corporation as defined in
14 33-30-101, and a health maintenance organization as defined
15 in 33-31-102.

16 (5) "Health care expenses":

17 (a) means expenses of a health maintenance organization
18 associated with the delivery of health care services that
19 are analogous to incurred losses of an insurer;

20 (b) does not include home office and overhead costs,
21 advertising costs, commissions and other acquisition costs,
22 taxes, capital costs, administrative costs, or claims
23 processing costs.

24 (6) "Issuer" includes insurance companies, fraternal
25 benefit societies, health care service plans, health

1 maintenance organizations, and any entity delivering or
 2 issuing for delivery in this state medicare supplement
 3 policies or certificates.

4 {5}(7) "Medicare" means Health Insurance for the Aged,
 5 Title XVIII of the Social Security Amendments of 1965, as
 6 then constituted or later amended.

7 {6}(8) "Medicare supplement policy" means a group or
 8 individual policy of disability insurance or a subscriber
 9 contract of a health service corporation, other than a
 10 policy issued pursuant to a contract under 42 U.S.C. 13951
 11 or 1395mm, or a policy issued under a demonstration project
 12 authorized pursuant to amendments to the federal Social
 13 Security Act, that is advertised, marketed, or designed
 14 primarily as a supplement to reimbursements under medicare
 15 for the hospital, medical, or surgical expenses of persons
 16 eligible for medicare by-reason-of-age. The term does not
 17 include:

18 (a) a policy or contract of one or more employers or
 19 labor organizations or of the trustees of a fund established
 20 by one or more employers or labor organizations, or a
 21 combination thereof of employers, organizations, and
 22 trustees, for employees or former employees, or a
 23 combination thereof of current and former employees, or for
 24 members or former members, or a combination thereof of
 25 current and former members, of the labor organizations; or

1 ~~{b}--a-policy-or-contract-of-any-professional,-trade,-or~~
 2 ~~occupational--association--for--its--members--or--former--or~~
 3 ~~retired-members,-or-combination-thereof,-if-the-association-~~
 4 ~~{i}--is-composed-of-individuals-all-of-whom-are-actively~~
 5 ~~engaged-in-the-same-profession,-trade,-or-occupation;~~

6 ~~{ii}-has--been--maintained--in--good--faith-for-purposes~~
 7 ~~other-than-obtaining-insurance;-and~~

8 ~~{iii}-has-been-in-existence-for-at-least-2--years--prior~~
 9 ~~to-the-date-of-its-initial-offering-of-the-policy-or-plan-to~~
 10 ~~its-members;~~

11 ~~{c}{b}~~ individual policies or contracts issued pursuant
 12 to a conversion privilege under a policy or contract of
 13 group or individual insurance when the group or individual
 14 policy or contract includes provisions that are inconsistent
 15 with the requirements of this part or policies issued to
 16 employees or members as additions to franchise plans in
 17 existence on April 8, 1981.

18 {9) "Policy form" means the form on which the policy is
 19 delivered or issued for delivery by the issuer."

20 **Section 3.** Section 33-22-904, MCA, is amended to read:

21 **"33-22-904. Standards for policy provisions -- rules.**

22 (1) A medicare supplement insurance policy,--contract, or
 23 certificate in force in this state may not contain benefits
 24 that duplicate benefits provided by medicare.

25 (2) The commissioner shall adopt reasonable rules to

1 establish specific standards for policy provisions of
 2 medicare supplement policies and certificates. A requirement
 3 of this code relating to minimum required policy benefits,
 4 other than the minimum standards contained in this part, may
 5 not apply to medicare supplement policies and certificates.

6 The standards are in addition to and in accordance with
 7 applicable laws of this state, including the provisions of
 8 Title 33, chapter 22, and may cover but are not limited to:

- 9 (a) terms of renewability;
- 10 (b) initial and subsequent conditions of eligibility;
- 11 (c) nonduplication of coverage;
- 12 (d) probationary periods;
- 13 (e) benefit limitations, exceptions, and reductions;
- 14 (f) elimination periods;
- 15 (g) requirements for replacement;
- 16 (h) recurrent conditions; and
- 17 (i) definitions of terms.

18 (3) The commissioner may adopt reasonable rules that
 19 prohibit policy or certificate provisions not otherwise
 20 specifically authorized by statute that, in the opinion of
 21 the commissioner, are unjust, unfair, or unfairly
 22 discriminatory to any person insured or proposed for
 23 coverage under a medicare supplement policy or certificate.

24 (4) Notwithstanding any other provisions of the law, a
 25 medicare supplement policy or certificate may not deny--a

1 claim exclude or limit benefits for losses incurred more
 2 than 6 months from the effective date of coverage for
 3 because it involved a preexisting condition. The policy or
 4 certificate may not define a preexisting condition more
 5 restrictively than a condition for which medical advice was
 6 given or treatment was recommended by or received from a
 7 physician within 6 months before the effective date of
 8 coverage.

9 (5) The commissioner may adopt rules necessary to
 10 conform medicare supplement policies and certificates to the
 11 requirements of federal law and federal regulations,
 12 including but not limited to rules:

13 (a) requiring refunds or credits if the policies or
 14 certificates do not meet loss requirements;

15 (b) establishing a uniform methodology for calculating
 16 and reporting loss ratios;

17 (c) ensuring public access to policies, premiums, and
 18 loss ratio information of issuers of medicare supplement
 19 insurance;

20 (d) establishing a process for approving or
 21 disapproving policy forms and certificate forms and proposed
 22 premium increases; and

23 (e) establishing a policy for holding public hearings
 24 prior to approval of premium increases."

25 **Section 4.** Section 33-22-905, MCA, is amended to read:

1 "33-22-905. Minimum standards for benefits and payment
2 of claims -- rules. The commissioner shall adopt reasonable
3 rules to establish minimum standards for benefits, and
4 payment of claims, marketing practices, compensation
5 arrangements, and reporting practices for medicare
6 supplement policies and certificates."

7 Section 5. Section 33-22-906, MCA, is amended to read:

8 "33-22-906. Loss ratio standards and filing
9 requirements -- limits on compensation. ~~{1}~~ Every entity
10 providing group medicare supplement insurance benefits to a
11 resident of this state shall file a copy of the master
12 policy and each certificate used in this state with the
13 commissioner as required by 33-1-501. The filing must be
14 made not less than 60 days in advance of the delivery of any
15 certificate or policy to a resident of this state.

16 ~~{2}~~ (1) Medicare supplement policies and certificates
17 are expected to must return to policyholders or certificate
18 holders benefits that are reasonable in relation to the
19 premium charged. The commissioner shall adopt reasonable
20 rules to establish minimum standards for loss ratios of
21 medicare supplement policies and certificates on the basis
22 of incurred claims experience or incurred health care
23 expenses, where coverage is provided by a health maintenance
24 organization on a service rather than reimbursement basis,
25 and earned premiums for the entire period for which rates

1 are computed to provide coverage and in accordance with
2 accepted actuarial principles and practices. For purposes of
3 rules adopted pursuant to this section, medicare supplement
4 policies and certificates issued as a result of
5 solicitations of individuals through the mail or mass media
6 advertising, including both print and broadcast advertising,
7 shall must be treated as individual group policies. Every
8 entity providing medicare supplement insurance benefits to a
9 resident of this state shall make premium adjustments:

10 (a) necessary to produce an expected loss ratio under
11 the policy or contract certificate that meets the minimum
12 loss ratio standards for medicare supplement policies and
13 certificates as established by rule; and

14 (b) expected to result in a loss ratio at least as
15 great as that originally anticipated by the entity when it
16 established current premiums for the medicare supplement
17 insurance policy or contract certificate.

18 ~~{3}~~ (2) The commissioner shall by rule establish the
19 timing and manner of the premium adjustments. Every entity
20 providing medicare supplement policies or certificates in
21 this state shall annually file with the commissioner its
22 rates, rating schedule, and supporting documentation
23 demonstrating that it is in compliance with the applicable
24 loss ratio standards of this part. An entity transacting
25 medicare supplement insurance in this state may not adjust

its rates more than twice a year and may not adjust its rates for the first year a policy is in force, except to allow for changes in federal laws or regulations relating to medicare. Each filing of rates and rating schedules must demonstrate that the actual and expected losses in relation to premiums complies with the requirements of this part.

~~4~~(3) An entity may not provide compensation to its insurance producers that is greater than the renewal compensation that would be paid on an existing policy or certificate if:

(a) the existing policy or certificate were replaced by another policy or certificate with the same insurer and the new policy benefits are substantially similar to the benefits under the old policy or certificate; and

(b) the old policy or certificate was issued by the same insurer or insurance group."

Section 6. Section 33-22-907, MCA, is amended to read:

"33-22-907. Disclosure standards -- informational brochure -- rules. (1) In order to provide for full and fair disclosure in the sale of medicare supplement policies and certificates, a medicare supplement policy may not be delivered or issued for delivery in this state and a certificate may not be delivered pursuant to a group medicare supplement policy delivered or issued for delivery in this state unless an outline of coverage is delivered to

the applicant at the time application is made. The outline of coverage must be filed with the commissioner as required by 33-1-501. The filing must be made at least 60 days in advance of the date the outline of coverage is delivered to any resident of this state.

(2) (a) The commissioner shall prescribe the format and content of the outline of coverage required by subsection (1).

(b) For purposes of this section, "format" means style, arrangements, and overall appearance, including such items as the size, color, and prominence of type and the arrangement of text and captions.

(c) The outline of coverage must include:

(i) a description of the principal benefits and coverage provided in the policy or certificate;

(ii) a statement of the exceptions, reductions, and limitations contained in the policy or certificate;

(iii) a statement of the renewal provisions including any reservation by the insurer issuer of a right to change premiums and disclosure of the existence of any automatic renewal premium increases based on the policyholder's or certificate holder's age;

(iv) a statement that the outline of coverage is a summary of the policy or certificate issued or applied for and that the policy or certificate should be consulted to

1 determine governing contractual provisions.

2 (3) The commissioner may prescribe by rule a standard
3 form and the contents of an informational brochure for
4 persons eligible for medicare by-reason-of-age, which is
5 intended to improve the buyer's ability to select the most
6 appropriate coverage and improve the buyer's understanding
7 of medicare. Except in the case of direct response insurance
8 policies, the commissioner may require by rule that the
9 information brochure be provided to any prospective insureds
10 eligible for medicare at the same time the outline of
11 coverage is delivered. With respect to direct response
12 insurance policies, the commissioner may require by rule
13 that the prescribed brochure be provided upon request, but
14 not later than the time of policy delivery, to any
15 prospective insureds eligible for medicare by-reason-of-age.

16 (4) The commissioner may adopt reasonable rules for
17 captions or notice requirements, determined to be in the
18 public interest and designed to inform prospective insureds
19 that particular insurance coverages are not medicare
20 supplement coverages, for all accident and sickness
21 insurance policies sold to persons eligible for medicare by
22 reason-of-age, other than:

- 23 (a) medicare supplement policies or certificates;
- 24 (b) disability income policies;
- 25 (c) basic, catastrophic, or major medical expense

1 policies;

2 (d) single premium, nonrenewable policies; or

3 (e) other policies excepted in 33-22-903(6)(B).

4 (5) The commissioner may further adopt reasonable rules
5 to govern the full and fair disclosure of the information in
6 connection with the replacement of accident and sickness
7 policies, ~~subscriber contracts~~, or certificates by persons
8 eligible for medicare by-reason-of-age.

9 (6) As soon as practicable, but no later than 30 days
10 before the annual effective date of a medicare benefit
11 change, every entity providing medicare supplement insurance
12 or benefits to a resident of this state shall notify its
13 policyholders, ~~contract holders~~, and certificate holders, in
14 a format that the commissioner prescribes by rule, of the
15 changes it has made to the medicare supplement insurance
16 policy or contract certificate."

17 **Section 7.** Section 33-22-908, MCA, is amended to read:

18 "33-22-908. Notice of free examination. Medicare
19 supplement policies or and certificates must have a notice
20 prominently printed on the first page of the policy or
21 certificate or attached thereto to the policy or certificate
22 stating in substance that the applicant has the right to
23 return the policy or certificate within 30 days of its
24 delivery and to have the premium refunded if, after
25 examination of the policy or certificate, the applicant is

not satisfied for any reason. The ~~insurer~~ issuer shall pay any refund made pursuant to this section directly to the applicant in a timely manner."

Section 8. Section 33-22-910, MCA, is amended to read:

"33-22-910. Filing requirements for advertising. Every entity-providing issuer of medicare supplement insurance--or benefits policies or certificates in this state shall provide to the commissioner for his the commissioner's review or approval a copy of any medicare supplement advertising intended for use in this state, whether through written, radio, or television medium."

Section 9. Section 33-22-911, MCA, is amended to read:

"33-22-911. Penalties. In addition to any other penalties for violations of the insurance code, the commissioner may after hearing require entities issuers violating any provision of or rule adopted under Title 33, chapter 16, or this part to cease marketing a medicare supplement policy or certificate in this state that is related directly or indirectly to the violation or take such action as that is necessary to comply with the provisions of Title 33, chapter 16, or this part or the rules adopted under Title 33, chapter 16, or this part, or both."

NEW SECTION. **Section 10. Severability.** If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this

act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. **Section 11. Effective date.** [This act] is effective on passage and approval.

-End-

1 House BILL NO. 465
 2 INTRODUCED BY 91 Rep. Franklin Franklin
 3 B. Baughart BY REQUEST OF THE STATE AUDITOR
 4 Wilson Wilson Wilson Wilson Wilson Wilson Wilson Wilson Wilson Wilson
 5 A BILL FOR AN ACT ENTITLED: AN ACT GENERALLY REVISING THE
 6 LAWS RELATING TO MEDICARE SUPPLEMENT INSURANCE; REVISING
 7 MEDICARE SUPPLEMENT INSURANCE MINIMUM STANDARDS TO COMPLY
 8 WITH THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990, PUBLIC
 9 LAW 101-508; AMENDING SECTIONS 33-22-902, 33-22-903,
 10 33-22-904, 33-22-905, 33-22-906, 33-22-907, 33-22-908,
 11 33-22-910, AND 33-22-911, MCA; AND PROVIDING AN IMMEDIATE
 12 EFFECTIVE DATE."

13
 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 **Section 1.** Section 33-22-902, MCA, is amended to read:

16 "33-22-902. Purpose. The purpose of this part is to
 17 establish minimum standards for medicare supplement
 18 insurance policies and certificates and to establish a
 19 regulatory program that meets the requirements of Public-law
 20 96-265, the Social Security Disability Amendments of 1980,
 21 approved June 9, 1980 42 U.S.C. 1395ss(p)(1)(A)."

22 **Section 2.** Section 33-22-903, MCA, is amended to read:

23 "33-22-903. Definitions. As used in this part, the
 24 following definitions apply:

25 (1) "Applicant" means:

1 (a) in the case of an individual medicare supplement
 2 policy or--subscriber--contract, the person who seeks to
 3 contract for insurance benefits; and

4 (b) in the case of a group medicare supplement policy
 5 or-subscriber-contract, the proposed certificate holder.

6 (2) "Certificate" means a certificate delivered or
 7 issued for delivery in this state under a group medicare
 8 supplement policy or-subscriber-contract.

9 (3) "Certificate form" means the form on which the
 10 certificate is delivered or issued for delivery by the
 11 issuer.

12 (4) "Entity" means an insurer as defined in
 13 33-1-201, a health service corporation as defined in
 14 33-30-101, and a health maintenance organization as defined
 15 in 33-31-102.

16 (5) "Health care expenses":

17 (a) means expenses of a health maintenance organization
 18 associated with the delivery of health care services that

THERE ARE NO CHANGES IN THIS BILL
 AND WILL NOT BE REPRINTED. PLEASE
 REFER TO YELLOW COPY FOR COMPLETE TEXT.

HOUSE BILL NO. 465

INTRODUCED BY RYAN, FRANKLIN, T. NELSON, BARNHART,
SQUIRES, WILSON, JACOBSON, BRUSKIE-MAUS, STANG,
COBB, WELDON, DRISCOLL, YELLOWTAIL, ECK, BIRD,
RYE, WANZENRIED, EWER, SCHYE, TOWE, BOHARSKI
BY REQUEST OF THE STATE AUDITOR

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE
LAWS RELATING TO MEDICARE SUPPLEMENT INSURANCE; REVISING
MEDICARE SUPPLEMENT INSURANCE MINIMUM STANDARDS TO COMPLY
WITH THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990, PUBLIC
LAW 101-508; AMENDING SECTIONS 33-22-902, 33-22-903,
33-22-904, 33-22-905, 33-22-906, 33-22-907, 33-22-908,
33-22-910, AND 33-22-911, MCA; AND PROVIDING AN IMMEDIATE
EFFECTIVE DATE."

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

Section 1. Section 33-22-902, MCA, is amended to read:

"33-22-902. **Purpose.** The purpose of this part is to
establish minimum standards for medicare supplement
insurance policies and certificates and to establish a
regulatory program that meets the requirements of ~~Public Law~~
~~96-265, the Social Security Disability Amendments of 1980,~~
~~approved June 9, 1980~~ 42 U.S.C. 1395ss(p)(1)(A)."

Section 2. Section 33-22-903, MCA, is amended to read:

"33-22-903. **Definitions.** As used in this part, the
following definitions apply:

(1) "Applicant" means:

(a) in the case of an individual medicare supplement
policy ~~or--subscriber--contract~~, the person who seeks to
contract for insurance benefits; and

(b) in the case of a group medicare supplement policy
~~or--subscriber--contract~~, the proposed certificate holder.

(2) "Certificate" means a certificate delivered or
issued for delivery in this state under a group medicare
supplement policy ~~or--subscriber--contract~~.

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

~~(3)~~(4) "Entity" means an insurer as defined in
33-1-201, a health service corporation as defined in
33-30-101, and a health maintenance organization as defined
in 33-31-102.

~~(4)~~(5) "Health care expenses":

(a) means expenses of a health maintenance organization
associated with the delivery of health care services that
are analogous to incurred losses of an insurer;

(b) does not include home office and overhead costs,
advertising costs, commissions and other acquisition costs,
taxes, capital costs, administrative costs, or claims

1 processing costs.

2 (6) "Issuer" includes insurance companies, fraternal
 3 benefit societies, health care service plans, health
 4 maintenance organizations, and any entity delivering or
 5 issuing for delivery in this state medicare supplement
 6 policies or certificates.

7 (5)(7) "Medicare" means Health Insurance for the Aged,
 8 Title XVIII of the Social Security Amendments of 1965, as
 9 then constituted or later amended.

10 (6)(8) "Medicare supplement policy" means a group or
 11 individual policy of disability insurance or a subscriber
 12 contract of a health service corporation, other than a
 13 policy issued pursuant to a contract under 42 U.S.C. 13951
 14 or 1395mm, or a policy issued under a demonstration project
 15 authorized pursuant to amendments to the federal Social
 16 Security Act, that is advertised, marketed, or designed
 17 primarily as a supplement to reimbursements under medicare
 18 for the hospital, medical, or surgical expenses of persons
 19 eligible for medicare by-reason-of-age. The term does not
 20 include:

21 (a) a policy or contract of one or more employers or
 22 labor organizations or of the trustees of a fund established
 23 by one or more employers or labor organizations, or a
 24 combination thereof of employers, organizations, and
 25 trustees, for employees or former employees, or a

1 combination thereof of current and former employees, or for
 2 members or former members, or a combination thereof of
 3 current and former members, of the labor organizations; or

4 ~~(b)--a-policy-or-contract-of-any-professional,-trade,-or~~
 5 ~~occupational--association--for--its--members--or--former--or~~
 6 ~~retired-members,-or-combination-thereof,-if-the-association:~~
 7 ~~(i)--is-composed-of-individuals-all-of-whom-are-actively~~
 8 ~~engaged-in-the-same-profession,-trade,-or-occupation;~~

9 ~~(ii)-has--been--maintained--in--good--faith-for-purposes~~
 10 ~~other-than-obtaining-insurance,-and~~

11 ~~(iii)-has-been-in-existence-for-at-least-2--years--prior~~
 12 ~~to-the-date-of-its-initial-offering-of-the-policy-or-plan-to~~
 13 ~~its-members;~~

14 ~~(c)(b)~~ individual policies or contracts issued pursuant
 15 to a conversion privilege under a policy or contract of
 16 group or individual insurance when the group or individual
 17 policy or contract includes provisions that are inconsistent
 18 with the requirements of this part or policies issued to
 19 employees or members as additions to franchise plans in
 20 existence on April 8, 1981.

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

23 **Section 3.** Section 33-22-904, MCA, is amended to read:

24 "33-22-904. Standards for policy provisions -- rules.

25 (1) A medicare supplement insurance policy--contract, or

1 certificate in force in this state may not contain benefits
2 that duplicate benefits provided by medicare.

3 (2) The commissioner shall adopt reasonable rules to
4 establish specific standards for policy provisions of
5 medicare supplement policies and certificates. A requirement
6 of this code relating to minimum required policy benefits,
7 other than the minimum standards contained in this part, may
8 not apply to medicare supplement policies and certificates.

9 The standards are in addition to and in accordance with
10 applicable laws of this state, including the provisions of
11 Title 33, chapter 22, and may cover but are not limited to:

- 12 (a) terms of renewability;
- 13 (b) initial and subsequent conditions of eligibility;
- 14 (c) nonduplication of coverage;
- 15 (d) probationary periods;
- 16 (e) benefit limitations, exceptions, and reductions;
- 17 (f) elimination periods;
- 18 (g) requirements for replacement;
- 19 (h) recurrent conditions; and
- 20 (i) definitions of terms.

21 (3) The commissioner may adopt reasonable rules that
22 prohibit policy or certificate provisions not otherwise
23 specifically authorized by statute that, in the opinion of
24 the commissioner, are unjust, unfair, or unfairly
25 discriminatory to any person insured or proposed for

1 coverage under a medicare supplement policy or certificate.

2 (4) Notwithstanding any other provisions of the law, a
3 medicare supplement policy or certificate may not deny--a
4 claim exclude or limit benefits for losses incurred more
5 than 6 months from the effective date of coverage for
6 because it involved a preexisting condition. The policy or
7 certificate may not define a preexisting condition more
8 restrictively than a condition for which medical advice was
9 given or treatment was recommended by or received from a
10 physician within 6 months before the effective date of
11 coverage.

12 (5) The commissioner may adopt rules necessary to
13 conform medicare supplement policies and certificates to the
14 requirements of federal law and federal regulations,
15 including but not limited to rules:

16 (a) requiring refunds or credits if the policies or
17 certificates do not meet loss requirements;

18 (b) establishing a uniform methodology for calculating
19 and reporting loss ratios;

20 (c) ensuring public access to policies, premiums, and
21 loss ratio information of issuers of medicare supplement
22 insurance;

23 (d) establishing a process for approving or
24 disapproving policy forms and certificate forms and proposed
25 premium increases; and

(e) establishing a policy for holding public hearings prior to approval of premium increases."

Section 4. Section 33-22-905, MCA, is amended to read:

"33-22-905. Minimum standards for benefits and payment of claims -- rules. The commissioner shall adopt reasonable rules to establish minimum standards for benefits, and payment of claims, marketing practices, compensation arrangements, and reporting practices for medicare supplement policies and certificates."

Section 5. Section 33-22-906, MCA, is amended to read:

"33-22-906. Loss ratio standards and filing requirements -- limits on compensation. ~~{1}~~Every entity providing group medicare supplement insurance benefits to a resident of this state shall file a copy of the master policy and each certificate used in this state with the commissioner as required by 33-1-501. The filing must be made not less than 60 days in advance of the delivery of any certificate or policy to a resident of this state.

~~{2}~~{1} Medicare supplement policies and certificates are expected to must return to policyholders or certificate holders benefits that are reasonable in relation to the premium charged. The commissioner shall adopt reasonable rules to establish minimum standards for loss ratios of medicare supplement policies and certificates 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 for the entire period for which rates are computed to provide coverage and in accordance with accepted actuarial principles and practices. For purposes of rules adopted pursuant to this section, medicare supplement policies and certificates issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, ~~shall~~ must be treated as individual group policies. Every entity providing medicare supplement insurance benefits to a resident of this state shall make premium adjustments:

(a) necessary to produce an expected loss ratio under the policy or ~~contract~~ certificate that meets the minimum loss ratio standards for medicare supplement policies and certificates as established by rule; and

(b) expected to result in a loss ratio at least as great as that originally anticipated by the entity when it established current premiums for the medicare supplement insurance policy or ~~contract~~ certificate.

~~{3}~~{2} The commissioner shall by rule establish the timing and manner of the premium adjustments. Every entity providing medicare supplement policies or certificates in this state shall annually file with the commissioner its rates, rating schedule, and supporting documentation

1 demonstrating that it is in compliance with the applicable
 2 loss ratio standards of this part. An entity transacting
 3 medicare supplement insurance in this state may not adjust
 4 its rates more than twice a year and may not adjust its
 5 rates for the first year a policy is in force, except to
 6 allow for changes in federal laws or regulations relating to
 7 medicare. Each filing of rates and rating schedules must
 8 demonstrate that the actual and expected losses in relation
 9 to premiums complies with the requirements of this part.

10 ~~†††~~(3) An entity may not provide compensation to its
 11 insurance producers that is greater than the renewal
 12 compensation that would be paid on an existing policy or
 13 certificate if:

14 (a) the existing policy or certificate were replaced by
 15 another policy or certificate with the same insurer and the
 16 new policy benefits are substantially similar to the
 17 benefits under the old policy or certificate; and

18 (b) the old policy or certificate was issued by the
 19 same insurer or insurance group."

20 **Section 6.** Section 33-22-907, MCA, is amended to read:

21 "33-22-907. Disclosure standards -- informational
 22 brochure -- rules. (1) In order to provide for full and fair
 23 disclosure in the sale of medicare supplement policies and
 24 certificates, a medicare supplement policy may not be
 25 delivered or issued for delivery in this state and a

1 certificate may not be delivered pursuant to a group
 2 medicare supplement policy delivered or issued for delivery
 3 in this state unless an outline of coverage is delivered to
 4 the applicant at the time application is made. The outline
 5 of coverage must be filed with the commissioner as required
 6 by 33-1-501. The filing must be made at least 60 days in
 7 advance of the date the outline of coverage is delivered to
 8 any resident of this state.

9 (2) (a) The commissioner shall prescribe the format and
 10 content of the outline of coverage required by subsection
 11 (1).

12 (b) For purposes of this section, "format" means style,
 13 arrangements, and overall appearance, including such items
 14 as the size, color, and prominence of type and the
 15 arrangement of text and captions.

16 (c) The outline of coverage must include:

17 (i) a description of the principal benefits and
 18 coverage provided in the policy or certificate;

19 (ii) a statement of the exceptions, reductions, and
 20 limitations contained in the policy or certificate;

21 (iii) a statement of the renewal provisions including
 22 any reservation by the insurer issuer of a right to change
 23 premiums and disclosure of the existence of any automatic
 24 renewal premium increases based on the policyholder's or
 25 certificate holder's age;

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(3) The commissioner may prescribe by rule a standard form and the contents of an informational brochure for persons eligible for medicare ~~by-reason-of-age~~, 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 direct response insurance policies, the commissioner may require by rule that the information brochure be provided to any prospective insureds eligible for medicare at the same time the outline of coverage is delivered. With respect to direct response insurance policies, the commissioner may require by rule that the prescribed brochure be provided upon request, but not later than the time of policy delivery, to any prospective insureds eligible for medicare ~~by-reason-of-age~~.

(4) The commissioner may adopt reasonable rules 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:

- (a) medicare supplement policies or certificates;
 - (b) disability income policies;
 - (c) basic, catastrophic, or major medical expense policies;
 - (d) single premium, nonrenewable policies; or
 - (e) other policies excepted in 33-22-903(6)(8).
- (5) The commissioner may further adopt reasonable rules to govern the full and fair disclosure of the information in connection with the replacement of accident and sickness policies~~, subscriber contracts~~, or certificates by persons eligible for medicare ~~by-reason-of-age~~.

(6) As soon as practicable, but no later than 30 days before the annual effective date of a medicare benefit change, every entity providing medicare supplement insurance or benefits to a resident of this state shall notify its policyholders~~, contract-holders~~, and certificate holders, in a format that the commissioner prescribes by rule, of the changes it has made to the medicare supplement ~~insurance~~ policy or contract certificate."

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"33-22-908. Notice of free examination. Medicare supplement policies or and certificates must have a notice prominently printed on the first page of the policy or certificate or attached thereto to the policy or certificate stating in substance that the applicant has the right to

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"33-22-910. Filing requirements for advertising. Every entity-providing issuer of medicare supplement insurance--or benefits policies or certificates in this state shall provide to the commissioner for his the commissioner's review or approval a copy of any medicare supplement advertising intended for use in this state, whether through written, radio, or television medium."

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"33-22-911. Penalties. In addition to any other penalties for violations of the insurance code, the commissioner may after hearing require entities issuers violating any provision of or rule adopted under Title 33, chapter 16, or this part to cease marketing a medicare supplement policy or certificate in this state that is related directly or indirectly to the violation or take such action as that is necessary to comply with the provisions of Title 33, chapter 16, or this part or the rules adopted under Title 33, chapter 16, or this part, or both."

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-End-