

---

**By: Delegate Donoghue**

Introduced and read first time: February 7, 1996

Assigned to: Economic Matters

---

A BILL ENTITLED

1 AN ACT concerning

2 **Medicare Supplement Policies**

3 FOR the purpose of limiting the applicability of certain provisions of the Insurance Code  
4 to Medicare supplement policies; requiring certain disclosures in certain policies;  
5 requiring the disclosure of any automatic renewal premium increases based on age  
6 in certain policies; repealing an exemption from disclosure for requirements for  
7 basic, catastrophic, or major medical policies and single premium, nonrenewable  
8 policies; amending certain definitions; and generally relating to the Maryland  
9 Medicare Supplement Act and conforming that Act to certain federal requirements.

10 BY repealing and reenacting, with amendments,  
11 Article 48A - Insurance Code  
12 Section 468B(b)(6), 468DA(a), 468E(e) and (g), and 468F(c)(4)  
13 Annotated Code of Maryland  
14 (1994 Replacement Volume and 1995 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article 48A - Insurance Code**

18 468B.

19 (b) (6) (i) "Medicare supplement policy" or "Medigap policy" means a group  
20 or individual policy of health insurance or a subscriber contract which is advertised,  
21 marketed, or designed primarily as a supplement to reimbursements under Medicare for  
22 the hospital, medical, or surgical expenses of persons eligible for Medicare.

23 (ii) "Medicare supplement policy" or "Medigap policy" does not  
24 include:

25 [1. Benefits offered by a health maintenance organization or  
26 other direct service organization in connection with a contract with the United States  
27 Health Care Financing Administration;

28 2.] 1. A policy issued pursuant to a contract under §1876 [or  
29 § 1833] of the federal Social Security Act (42 U.S.C. § 1395 et seq.); or

2

1 [3.] 2. A policy issued under a demonstration project  
2 authorized pursuant to amendments to the federal Social Security Act.

3 468DA.

4 (a) (1) The Commissioner shall adopt reasonable regulations to establish  
5 specific standards for policy provisions of Medicare supplement policies and certificates.  
6 These standards shall be in addition to and in accordance with applicable laws of the  
7 State, including Subtitles 20, 25, 26, and 31 of this article.

8 (2) NO REQUIREMENT OF THE INSURANCE CODE RELATING TO  
9 MINIMUM REQUIRED POLICY BENEFITS, OTHER THAN THE MINIMUM STANDARDS  
10 CONTAINED IN THIS SUBTITLE, SHALL APPLY TO MEDICARE SUPPLEMENT POLICIES  
11 AND CERTIFICATES.

12 468E.

13 (e) (1) The Commissioner shall prescribe the format and content of the outline  
14 of coverage required by this section. For purposes of this section, "format" means style,  
15 arrangements, and overall appearance, including the size, color, and prominence of type  
16 and the arrangement of text and captions.

17 (2) The outline of coverage shall include:

18 (i) A description of the principal benefits and coverage provided in  
19 the policy;

20 (ii) A statement of the exceptions, reductions, and limitations  
21 contained in the policy;

22 (iii) A statement of:

23 1. [the] THE renewal provisions, including any reservation by  
24 the insurer of a right to change premiums; and

25 2. DISCLOSURE OF THE EXISTENCE OF ANY AUTOMATIC  
26 RENEWAL PREMIUM INCREASES BASED ON THE POLICYHOLDER'S AGE; AND

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

30 (g) The Commissioner may adopt regulations for captions or notice requirements,  
31 determined to be in the public interest and designed to inform prospective insureds that  
32 particular insurance coverages are not Medicare supplement coverages, for all health  
33 insurance policies sold to persons eligible for [Medicare by reason of age,] MEDICARE,  
34 other than:

35 (1) Medicare supplement policies; OR

36 (2) Disability income policies[;

37 (3) Basic, catastrophic, or major medical expense policies; or

38 (4) Single premium, nonrenewable policies].

3

1 468F.

2 (c) (4) (i) If the proposed policy does not comply with the requirements of §  
3 468C of this subtitle for a Medicare supplement policy, a statement printed in a 12-point  
4 type shall be given that:

5 "This policy (or certificate) is not a Medicare supplement policy (or certificate). It  
6 is not designed to fill the `gaps' of Medicare. If you are eligible for Medicare, review the  
7 Medicare supplement buyer's guide available from the company".

8 (ii) The statement required by subparagraph (i) of this paragraph shall  
9 either be printed on or attached to the first page of the policy form or certificate or of an  
10 outline of coverage delivered to the person covered under the policy or certificate.

11 (iii) Examples of policies and certificates for which the statement in  
12 subparagraph (i) of this paragraph is not required are:

13 1. [policies] POLICIES issued pursuant to a contract under §  
14 1876 [or § 1833] of the federal Social Security Act (42 U.S.C. § 1395 et seq.)[,  
15 disability];

16 2. DISABILITY income [policies,] POLICIES; OR

17 3. [basic, catastrophic, comprehensive or major medical  
18 expense policies, and single premium nonrenewable policies] POLICIES OR CONTRACTS  
19 OF ONE OR MORE EMPLOYERS OR LABOR ORGANIZATIONS, OR OF THE TRUSTEES  
20 OF A FUND ESTABLISHED BY ONE OR MORE EMPLOYERS OR LABOR  
21 ORGANIZATIONS, OR COMBINATION THEREOF, FOR EMPLOYEES OR FORMER  
22 EMPLOYEES, OR A COMBINATION THEREOF, OR FOR MEMBERS OR FORMER  
23 MEMBERS, OR A COMBINATION THEREOF, OF THE LABOR ORGANIZATION.

24 (iv) Notwithstanding the provisions of subparagraph (i) of this  
25 paragraph, the Commissioner shall adopt regulations necessary to make the provisions of  
26 this paragraph conform to the requirements of applicable federal law.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 June 1, 1996.