
By: Delegate Donoghue

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Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

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CHAPTER ____

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:

2

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

4 2.] 1. A policy issued pursuant to a contract under §1876 [or
5 § 1833] of the federal Social Security Act (42 U.S.C. § 1395 et seq.); or

6 [3.] 2. A policy issued under a demonstration project
7 authorized pursuant to amendments to the federal Social Security Act.

8 468DA.

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

13 (2) NO REQUIREMENT OF THE INSURANCE CODE RELATING TO
14 MINIMUM REQUIRED POLICY BENEFITS, OTHER THAN THE MINIMUM STANDARDS
15 CONTAINED IN THIS SUBTITLE, SHALL APPLY TO MEDICARE SUPPLEMENT POLICIES
16 AND CERTIFICATES.

17 468E.

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

22 (2) The outline of coverage shall include:

23 (i) A description of the principal benefits and coverage provided in
24 the policy;

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

27 (iii) A statement of:

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

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

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

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

3

- 1 (1) Medicare supplement policies; OR
- 2 (2) Disability income policies[;
- 3 (3) Basic, catastrophic, or major medical expense policies; or
- 4 (4) Single premium, nonrenewable policies].

5 468F.

6 (c) (4) (i) If the proposed policy does not comply with the requirements of §
7 468C of this subtitle for a Medicare supplement policy, a statement printed in a 12-point
8 type shall be given that:

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

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

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

17 1. [policies] POLICIES issued pursuant to a contract under §
18 1876 [or § 1833] of the federal Social Security Act (42 U.S.C. § 1395 et seq.)[,
19 disability];

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

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

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

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

