

SENATE BILL 116

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1998 Regular Session
8lr0185

By: **Senators Kelley, Stone, Colburn, Ruben, Trotter, and Conway**

Introduced and read first time: January 21, 1998

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: March 6, 1998

CHAPTER_____

1 AN ACT concerning

2 **Medicare Supplement Policies - Individuals With a Disability - Eligibility**

3 FOR the purpose of requiring certain persons that issue or deliver Medicare
4 supplement policies or certificates to individuals who are eligible for Medicare
5 by reason of age to offer under certain circumstances the same policies or
6 certificates under the same terms and conditions to individuals who, regardless
7 of age, are eligible for Medicare due to a disability.

8 BY repealing and reenacting, with amendments,
9 Article - Insurance
10 Section 15-909
11 Annotated Code of Maryland
12 (1997 Volume)

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

15 **Article - Insurance**

16 15-909.

17 (a) This section does not extend the number of days of hospitalization offered
18 under § 15-906(a)(3) of this subtitle to the extent those days of hospitalization have
19 been used under the original Medicare supplement policy.

20 (b) (1) If an application for a Medicare supplement policy or certificate is
21 submitted during the 6-month period beginning with the first month in which an
22 individual who is at least 65 years old OR WHO IS UNDER THE AGE OF 65 YEARS, BUT

1 IS ELIGIBLE FOR MEDICARE DUE TO A DISABILITY, first enrolls for benefits under
2 Medicare Part B, a carrier:

3 (i) may not deny or condition the issuance or effectiveness of the
4 Medicare supplement policy or certificate or discriminate in the pricing of the
5 Medicare supplement policy or certificate because of the health status, claims
6 experience, receipt of health care, or medical condition of the applicant; or

7 (ii) may not deny, reduce, or condition coverage or apply an
8 increased premium rating to an applicant for a Medicare supplement policy because
9 of the health status, claims experience, or medical condition of the applicant or the
10 use of medical care by the applicant.

11 (2) Notwithstanding subsection (b)(1)(ii) of this section, a carrier may
12 include in a Medicare supplement policy a provision that complies with subsection (d)
13 of this section.

14 (c) Regardless of the applicant's age, each Medicare supplement policy or
15 applicable certificate that a carrier currently has available shall be made available to
16 each applicant who qualifies under subsection (b) of this section.

17 (d) (1) Notwithstanding any other provision of law, a Medicare supplement
18 policy or certificate may not exclude or limit benefits for losses incurred more than 6
19 months after the effective date of coverage because the losses involved a preexisting
20 condition.

21 (2) A Medicare supplement policy or certificate may not define a
22 preexisting condition more restrictively than a condition for which a physician gave
23 medical advice or recommended or gave treatment within 6 months before the
24 effective date of coverage.

25 (e) If a Medicare supplement policy or certificate replaces another Medicare
26 supplement policy or certificate, the succeeding carrier shall waive the time periods
27 applicable to preexisting conditions, waiting periods, elimination periods, and
28 probationary periods in the new Medicare supplement policy or certificate for similar
29 benefits to the extent the time was spent under the original Medicare supplement
30 policy or certificate.

31 (f) A carrier may not cancel or nonrenew a Medicare supplement policy or
32 certificate for any reason other than for nonpayment of premium or material
33 misrepresentation.

34 (g) (1) (i) If the group policyholder terminates a group Medicare
35 supplement policy without replacing the group Medicare supplement policy under
36 paragraph (3) of this subsection, the carrier shall offer each certificate holder an
37 individual Medicare supplement policy.

38 (ii) The carrier shall offer the certificate holder at least the
39 following:

1 1. an individual Medicare supplement policy that provides
2 for continuation of the benefits contained in the group policy; or

3 2. an individual Medicare supplement policy that provides
4 only the benefits that are required under § 15-906(a) of this subtitle.

5 (2) If membership in a group is terminated, the carrier:

6 (i) shall offer the certificate holder the conversion options under
7 paragraph (1) of this subsection; or

8 (ii) at the option of the group policyholder, shall offer the certificate
9 holder a continuation of coverage under the group Medicare supplement policy.

10 (3) (i) If a group Medicare supplement policy is replaced by another
11 group Medicare supplement policy purchased by the same policyholder, the
12 succeeding carrier shall offer coverage to each individual who was covered under the
13 old group Medicare supplement policy on its date of termination.

14 (ii) Under the new group Medicare supplement policy, coverage
15 may not be excluded for a preexisting condition that would have been covered under
16 the group Medicare supplement policy being replaced.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 1998.