

1 ENGROSSED HOUSE
2 BILL NO. 3040

By: Boles and Fugate of the
House

3 and

4 Garvin of the Senate
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6
7 An Act relating to Medicare; amending 36 O.S. 2021,
8 Section 3611.1, which relates to Medicare supplement
9 policies; modifying provisions related to notice of
10 premium rate increase; restricting frequency of
11 implementation; eliminating exemption from filing
12 requirements; and providing an effective date.

13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. AMENDATORY 36 O.S. 2021, Section 3611.1, is
15 amended to read as follows:

16 Section 3611.1 A. As used in this section:

17 1. "Commissioner" means the Commissioner of Insurance;

18 2. "Medicare supplement policy" means a group or individual
19 policy of accident and health insurance, or a subscriber contract of
20 a nonprofit hospital service and medical indemnity corporation or a
21 health maintenance organization which is advertised, marketed or
22 designed primarily as a supplement to reimbursements under Medicare
23 for the hospital, medical or surgical expenses of persons eligible
24 for Medicare. Such term does not include:

1 a. a policy or contract of one or more employers or labor
2 organizations, or of the trustees of a fund
3 established by one or more employers or labor
4 organizations, or combination thereof, for employees
5 or former employees, or combination thereof, or for
6 members or former members, or combination thereof, of
7 the labor organizations, or

8 b. a policy or contract of any professional, trade or
9 occupational association for its members or former or
10 retired members, or combination thereof, if such
11 association:

12 (1) is composed of individuals all of whom are
13 actively engaged in the same profession, trade or
14 occupation,

15 (2) has been maintained in good faith for purposes
16 other than obtaining insurance, and

17 (3) has been in existence for at least two (2) years
18 prior to the date of its initial offering of such
19 policy or plan to its members, or

20 c. individual policies or contracts issued pursuant to a
21 conversion privilege under a policy or contract of
22 group or individual insurance; and

23 3. "Direct response Medicare supplement policy" means a policy
24 of insurance which is advertised, marketed or designed primarily as

1 a supplement to reimbursements under Medicare for the hospital,
2 medical or surgical expenses of persons eligible for Medicare issued
3 as a result of solicitation of individual insureds by mail or by
4 mass media advertising.

5 B. The Commissioner shall issue reasonable regulations to
6 establish minimum standards for benefit claims payment, marketing
7 practices, compensation arrangements, and reporting practices for
8 Medicare supplement policies. The Commissioner shall issue
9 reasonable regulations to provide for an open enrollment period for
10 those persons who qualify as disabled pursuant to federal Medicare
11 guidelines.

12 C. A Medicare supplement policy may not deny a claim for losses
13 incurred more than six (6) months from the effective date of
14 coverage for a preexisting condition. The policy may not define a
15 preexisting condition more restrictively than "a condition for which
16 medical advice was given or treatment was recommended by or received
17 from a physician within six (6) months before the effective date of
18 coverage".

19 D. Any premium rate filing for a Medicare supplement policy
20 shall be filed with and approved by the Insurance Commissioner and
21 communicated to the policyholder ~~on or after September 1 but no~~
22 ~~later than October 30 of each year~~ at least forty-five (45) days
23 prior to the effective date of a premium rate increase. Such
24 premium increases shall be ~~effective January 1 of the following year~~

1 implemented no more than once per year. ~~This subsection shall not~~
2 ~~apply to insurers with five thousand or fewer policyholders.~~

3 E. A Medicare supplement policy shall be expected to return to
4 the policyholder benefits which are reasonable in relation to the
5 premium charged. The Commissioner shall issue regulations to
6 establish minimum standards for loss ratios of Medicare supplement
7 policies on the basis of incurred claims experience, or incurred
8 health care expenses where coverage is provided by a health
9 maintenance organization on a service rather than reimbursement
10 basis, and earned premiums for the period of coverage for which
11 rates are computed and in accordance with accepted actuarial
12 principles and practices.

13 F. 1. No Medicare supplement policy or certificate issued
14 pursuant to a group Medicare supplement policy shall be delivered or
15 issued for delivery in this state unless an outline of coverage is
16 provided to the applicant at the time application is made.

17 2. The Commissioner shall prescribe by regulation the contents
18 and a standard form of an informational brochure for persons
19 eligible for Medicare which is intended to improve the buyer's
20 ability to select the most appropriate coverage and improve the
21 buyer's understanding of Medicare. The Commissioner may require by
22 regulation that the informational brochure be provided with the
23 outline of coverage to any prospective insureds eligible for
24 Medicare. With respect to direct response policies, the

1 Commissioner may require that the prescribed brochure and outline of
2 coverage be provided upon request to any prospective insureds
3 eligible for Medicare, but in no event later than the time of policy
4 delivery.

5 3. The Commissioner may require notice provisions, designed to
6 inform prospective insureds that particular insurance coverages are
7 not Medicare supplement coverages, for all accident and health
8 insurance policies sold to persons eligible for Medicare by reason
9 of age, other than:

- 10 a. Medicare supplement policies,
- 11 b. disability income policies,
- 12 c. basic, catastrophic, or major medical expense
13 policies,
- 14 d. single premium, nonrenewable policies, or
- 15 e. other policies defined by regulation of the
16 Commissioner.

17 4. The Commissioner may adopt from time to time, such
18 reasonable regulations as are necessary to conform Medicare
19 supplement policies and certificates to the requirements of federal
20 law and regulations promulgated thereunder, including but not
21 limited to:

- 22 a. requiring refunds or credits if the policies or
23 certificates do not meet loss ratio requirements,

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- 1 b. establishing a uniform methodology for calculating and
2 reporting loss ratios,
3 c. assuring public access to policies, premiums and loss
4 ratio information of issuers of Medicare supplement
5 insurance, and
6 d. establishing a policy for holding public hearings
7 prior to approval of premium increases.

8 G. Medicare supplement policies or certificates shall have a
9 notice prominently printed on the first page of the policy or
10 certificate, or attached thereto, stating that the applicant shall
11 have the right to return the policy or certificate within thirty
12 (30) days of its delivery and to have the premium refunded if, after
13 examination of the policy or certificate, the applicant is not
14 satisfied for any reason. A direct response policy issued to
15 persons eligible for Medicare shall have a notice prominently
16 printed on the first page, or attached thereto, stating that the
17 applicant shall have the right to return the policy or certificate
18 within thirty (30) days of its delivery and to have the premium
19 refunded if, after examination, the applicant is not satisfied for
20 any reason.

21 H. The Insurance Commissioner shall have the authority to
22 employ actuaries, statisticians, accountants, auditors,
23 investigators, or any other technicians as the Insurance
24 Commissioner may deem necessary or beneficial to examine any

1 Medicare supplement filings made by insurers or rating organizations
2 and to examine such records of the insurers or rating organizations
3 as may be deemed appropriate in conjunction with the Medicare
4 supplement filing in order to determine that the rates or other
5 filings are consistent with the terms, conditions, requirements and
6 purposes of the Insurance Code, and to verify, validate and
7 investigate the information upon which the insurer or rating
8 organization relies to support such filing.

9 1. The Commissioner shall maintain a list of technicians who
10 are proficient in the line of Medicare supplement insurance. If the
11 Commissioner determines that it is necessary to utilize the services
12 of such a technician, the Commissioner shall employ the next
13 available technician in rotation on the list.

14 2. All reasonable expenses incurred in such filing review shall
15 be paid by the insurer or rating organization making the filing.

16 SECTION 2. This act shall become effective November 1, 2022.

17 Passed the House of Representatives the 14th day of March, 2022.

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Presiding Officer of the House
of Representatives

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Passed the Senate the ___ day of _____, 2022.

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Presiding Officer of the Senate