

SENATE BILL REPORT

HB 2442

As of February 23, 2012

Title: An act relating to clarifying when evidence of insurability may be required for medicare supplement insurance policies.

Brief Description: Clarifying when evidence of insurability may be required for medicare supplement insurance policies.

Sponsors: Representatives Bailey and Cody.

Brief History: Passed House: 2/10/12, 95-1.

Committee Activity: Health & Long-Term Care: 2/22/12.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Mich'l Needham (786-7442)

Background: Medicare supplement insurance, commonly known as Medigap, is a type of insurance that fills coverage gaps in the federal Medicare program. There are several types of Medicare supplement policies, which are subject to both federal and state standards and enforced by the Office of the Insurance Commissioner.

In 2008 the federal Medicare Improvement for Patients and Providers Act changed the types of Medicare supplement insurance plans that may be offered. Beginning June 1, 2010, state law required an issuer of a Medicare supplement policy to:

- issue coverage under its standardized plans B, C, D, F, F with high deductible, G, K, L, M, or N to a Medicare-eligible state resident if the policy replaces another Medicare supplement policy or other more comprehensive coverage. When replacing such a plan, the issuer may not require evidence of insurability; i.e., medical underwriting; and
- issue coverage under its standardized plan A to a Medicare-eligible state resident if the policy replaces another standardized plan A Medicare supplement policy. When replacing such a plan, the issuer may not require evidence of insurability; i.e., medical underwriting.

Summary of Bill: When replacing a Medicare supplement plan that was originally issued prior to June 1, 2010, the issuer has the option of requiring evidence of insurability. However,

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if the Medicare supplement insurance plan being replaced was issued on or after June 1, 2010, the issuer may not require evidence of insurability.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is a bill to correct an issue that was not included in the 2010 bill that we passed to be in compliance with the federal law. The distinction between the policies issued before 2010 and those issued after 2010 was left out of the legislation, and we are trying to add it back in. The National Association of Insurance Commissioners now has model language that draws a distinction with the health screening for people migrating from older policies that allows carriers a choice of underwriting. We are working with the AARP to explore options to notify people.

Persons Testifying: PRO: Representative Bailey, prime sponsor; Sydney Zvara, Assn. of WA Healthcare Plans.