

FINAL BILL REPORT

HB 1910

C 120 L 91
Synopsis As Enacted

Brief Description: Making medicare supplemental insurance conform to federal law.

By Representatives Dellwo, R. Johnson, Paris, Inslee, Brough, Winsley, Wood, Van Luven and Moyer; by request of Insurance Commissioner.

House Committee on Financial Institutions & Insurance
Senate Committee on Financial Institutions & Insurance

Background: In 1981, the Legislature enacted the Medicare Supplemental Health Insurance Act. The law was a response to an amendment Congress made to the Social Security Act in 1980. The amendment established federal standards based upon a National Association of Insurance Commissioners (NAIC) model act for medicare supplemental health insurance policies, often referred to as medigap policies. Policies issued in states which had adopted a regulatory program no less stringent than the federal standards were deemed to be "certified" medigap policies.

The state medigap law requires the insurance commissioner to adopt rules establishing minimum standards for medigap policies. The law limits cancellation and non-renewal of medigap policies, prohibits certain policy limitations and conditions, and requires certain disclosures. In addition, the law sets loss ratio standards for both individual and group policies to ensure that policies return a certain level of benefits to consumers.

Last year, as part of the Omnibus Budget Reconciliation Act, Congress amended the federal law governing medigap policies. The changes require the NAIC to amend their model medigap law by August 5, 1991 to conform to new federal standards for medigap policies or else the secretary of the U. S. Department of Health and Human Services will develop the new model regulations. Under the amendment, states have one year to amend their regulations to conform to the model law. If a state's regulations do not conform, all medigap policies sold in the state must be certified by the secretary. The federal amendment also increases the loss ratio requirements for individual policies, requires an insurance rate approval process, and generally modifies

previous standards to increase consumer benefits and protection.

Summary: The insurance commissioner is authorized to adopt such rules as are necessary to conform state law to federal law governing medicare supplemental health insurance.

Votes on Final Passage:

House	98	0
Senate	38	0

Effective: July 28, 1991