

HOUSE BILL REPORT

HB 2479

*As Reported By House Committee on:
Financial Institutions & Insurance*

Title: An act relating to making medicare supplement insurance conform to federal law.

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

Sponsor(s): Representatives R. Johnson, Broback, Dellwo, Paris, Ferguson, Winsley and Franklin; by request of Insurance Commissioner.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, January 31, 1992,
DPS.

**HOUSE COMMITTEE ON
FINANCIAL INSTITUTIONS & INSURANCE**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 11 members: Representatives Dellwo, Chair; Zellinsky, Vice Chair; Broback, Ranking Minority Member; Mielke, Assistant Ranking Minority Member; Anderson; Dorn; Inslee; R. Johnson; Paris; Schmidt; and Winsley.

Staff: John Conniff (786-7119).

Background: The federal Omnibus Budget Reconciliation Act of 1990 (OBRA) contained provisions regulating Medicare supplemental health insurance. OBRA required states to adopt regulations conforming to federal requirements or risk federal regulation of Medicare supplement policies in the non-conforming state. The Health Care Financing Administration has issued guidelines for implementation of these federal Medicare supplement standards and state law must be amended accordingly.

Summary of Substitute Bill: The state Medicare Supplemental Health Insurance Act is amended to conform to federal guidelines and amended to bring all issuers of such coverage under the same rules. Among the changes are the following: definitions are amended; the use of "usual, customary, and reasonable" as standards for judging the appropriateness of

treatment for benefit payments is prohibited; loss ratio limits are increased; required insurer disclosures to consumers are changed; health care service contracts, health maintenance agreements and rates for coverage must be filed with the Insurance Commission for approval prior to their use.

Substitute Bill Compared to Original Bill: Technical corrections are made.

Fiscal Note: Not requested.

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

Testimony For: These changes to the state Medicare Supplement Insurance Act are necessary to conform to federal law.

Testimony Against: None.

Witnesses: (Pro) J. Scott Jarvis, Insurance Commissioner's Office.