

HOUSE RESEARCH

Bill Summary

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Overview

This bill deals with Medicare supplement insurance (referred to in this bill summary as "med supp"), which Medicare enrollees may buy to cover health care costs not covered by the federal Medicare program. This is private sector coverage paid for by Medicare enrollees; no state money is involved. State laws permitting and regulating this type of coverage must meet certain federal standards. This bill updates Minnesota's laws to conform to federal changes enacted in the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (known as BIPA).

Section

Article 1: Medicare Supplement Coverage

- 1** **Suspension based on entitlement to medical assistance.** Amends a current law permitting Medicare supplement coverage to be suspended while an enrollee is eligible for medical assistance (MA) (which would duplicate med supp coverage), with a guaranteed right to be reinstated if eligibility for MA ends. The amendment permits the suspension to last for the period specified in federal regulations and makes eligibility for reinstatement contingent upon paying the med supp premium retroactive to the date of loss of MA coverage. Also makes technical changes to add references to "certificates" of coverage; this involves persons who get med supp coverage under a group policy.
- 2** **Guaranteed issue for eligible persons.** Provides more specific language defining the period in which persons in various situations have the right to move from another type of coverage into traditional med supp coverage with guaranteed issue ("guaranteed issue" means they cannot be turned down). The general rule of 63 days is not changed, but this section specifies when the 63 days starts in various situations. Provides that persons enrolled in a Program of

All-Inclusive Care for the Elderly (PACE) are treated in the same manner as Medicare + Choice enrollees for the purpose of guaranteed issue rights to switch to med supp coverage.

3 Medicare prescription drug benefit. Provides that state law does not prohibit med supp insurers from offering a Medicare prescription drug benefit, if the federal government creates one to be offered by private insurers. That benefit could replace the one now required to be offered under state law.

4 Extended basic Medicare supplement plan; coverage. This section of current law specifies the benefits available under the "extended basic" plan, which is the most comprehensive and expensive level of med supp coverage. This bill clarifies that the coverage for Medicare Part B (basically physician coverage) co-payments includes co-payments (fixed dollar amounts) or co-insurance (percentage of the charges), depending upon which is applicable.

5 Basic Medicare supplement plan; coverage. This section of the bill amends the section of current law describing the "basic" med supp plan, which is the least comprehensive and least expensive. The change made here is the same change made in the "extended basic" plan in the preceding section.

Article 2: Other Health Coverage

1 1 Loss ratio standards. Corrects an error in 2002 legislation, which reduced the minimum loss ratio for certain insurers that have a small market share in Minnesota. The effect of the correction is to limit the provision to standard health coverage.

2 2 Effective date. Makes this article effective immediately.