

1500 Medicare Supplement Policies

1502 Transitional Requirements for the Conversion of Medicare Supplement Insurance Benefits and Premiums to Conform to Medicare Program Revisions [Formerly Regulation 59]

1.0 Purpose

- 1.1 The purpose of this regulation is to assure the orderly implementation and conversion of medicare supplement insurance benefits and premiums due to changes in the federal medicare program; to provide for the reasonable standardization of the coverage, terms and benefits of medicare supplement policies or contracts; to facilitate public understanding of such policies or contracts; to eliminate provisions contained in such policies or contracts which may be misleading or confusing in connection with the purchase of such policies or contracts; to eliminate policy or contract provisions which may duplicate medicare benefits; to provide full disclosure of policy or contract benefits and benefit changes; and to provide for refunds of premiums associated with benefits duplicating medicare program benefits.

2.0 Authority

- 2.1 This regulation is issued pursuant to the authority vested in the commissioner under 18 **Del.C.** Ch. 34 and in accordance with the procedures specified in 29 **Del.C.** Ch. 101.

3.0 Applicability and Scope

- 3.1 This regulation shall take precedence over other rules and requirements relating to medicare supplement policies or contracts only to the extent necessary to assure that benefits are not duplicated, that applicants receive adequate notice and disclosure of changes in medicare supplement policies and contracts, that appropriate premium adjustments are made in a timely manner, and that premiums are reasonable in relation to benefits.
- 3.2 Except as otherwise provided, this regulation shall apply to:
- 3.2.1 All medicare supplement policies and contracts delivered, or issued for delivery, or which are otherwise subject to the jurisdiction of this state on or after the effective date hereof, and
- 3.2.2 All certificates issued under group medicare supplement policies as provided in section 3.1.

4.0 Definitions

- 4.1 For purposes of this regulation:
- 4.1.1 **"Applicant"** means:
- 4.1.1.1 in the case of an individual medicare supplement policy or contract, the person who seeks to contract for insurance benefits, and
- 4.1.1.2 in the case of a group medicare policy or contract, the proposed certificateholder.
- 4.1.2 **"Certificate"** means any certificate issued under a group medicare supplement policy.
- 4.1.3 **"Medicare Supplement Policy"** means a group or individual policy as defined in 18 **Del.C.** §3401(c).

5.0 Benefit Conversion Requirements

- 5.1 Effective January 1, 1989, no medicare supplement insurance policy, contract or certificate in force in this state shall contain benefits provided by Medicare.
- 5.2 General Requirements
- 5.2.1 No later than thirty (30) days prior to the annual effective date of Medicare benefit changes mandated by the Medicare Catastrophic Coverage Act of 1988, every insurer, health care service

- plan or other entity providing medicare supplement insurance or benefits to a resident of this state shall notify its policyholders, contract holders and certificateholders of modifications it has made to medicare supplement insurance policies or contracts. Such notice shall be in a format prescribed by the Commissioner or in the format adopted by the NAIC in June of 1988 if no other format is prescribed by the Commissioner.
- 5.2.1.1 Such notice shall include a description of revisions to the medicare program and a description of each modification made to the coverage provided under the medicare supplement insurance policy or contract.
  - 5.2.1.2 The notice shall inform each covered person as to when any premium adjustment due to changes in Medicare benefits will be made.
  - 5.2.1.3 The notice of benefit modifications and any premium adjustments shall be in outline form and in clear and simple terms so as to facilitate comprehension. Such notice shall not contain or be accompanied by any solicitation.
- 5.2.2 No modifications to an existing medicare supplement contract or policy shall be made at the time of or in connection with the notice requirements of this regulation except to the extent necessary to eliminate duplication of medicare benefits and any modifications necessary under the policy or contract to provide indexed benefit adjustment.
- 5.2.3 As soon as practicable, but no longer than forty-five (45) days after the effective date of the Medicare benefit changes, every insurer, health care service plan or other entity providing medicare supplement insurance or contracts in this state shall file with the Department, in accordance with the applicable filing procedures of this state:
- 5.2.3.1 Appropriate premium adjustments necessary to produce loss ratios as originally anticipated for the applicable policies or contracts. Such supporting documents as necessary to justify the adjustment shall accompany the filing.
  - 5.2.3.2 Along with a copy of the policy and the date it was filed by the Department, any appropriate riders, endorsements or policy forms needed to accomplish the medicare supplement insurance modifications necessary to eliminate benefit duplications with Medicare. Any such riders, endorsements or policy forms shall provide a clear description of the medicare supplement benefits provided by the policy or contract.
- 5.2.4 Upon satisfying the filing requirements of this state, every insurer, health care service plan or other entity providing medicare supplement insurance in this state shall provide each covered person with any rider, endorsement or policy form necessary to eliminate any benefit duplications under the policy or contract with benefits provided by Medicare.
- 5.2.5 No insurer, health care service plan or other entity shall require any person covered under a medicare supplement policy or contract which was in force prior to January 1, 1989 to purchase additional coverage under such policy or contract unless such additional coverage was provided for in the policy or contract.
- 5.2.6 Every insurer, health care service plan or benefit, or other entity providing medicare supplement insurance or benefits to a resident of this state shall make such premium adjustments as are necessary to produce an expected loss ratio under such policy or contract as will conform with minimum loss ratio standards for medicare supplement standards for medicare supplement policies and which is expected to result in a loss ratio at least as great as that originally anticipated by the insurer, health care service plan or other entity for such medicare supplement insurance policies or contracts. No premium adjustment which would modify the loss ratio experience under the policy other than the adjustments described herein should be made with respect to a policy at any time other than upon its renewal date. Premium adjustments shall be in the form of refunds or premium credits and shall be made no later than upon renewal if a credit is given, or within sixty (60) days of the renewal date if a refund is provided to the premium player.

## **6.0 Requirements for New Policies and Certificates**

- 6.1 Effective January 1, 1989, no medicare supplement insurance policy, contract, or certificate shall be issued or issued for delivery in this state which provides benefits which duplicate benefits provided by

Medicare. No such policy, contract or certificate shall provide less benefits than those required under existing Medicare Supplement Minimum Standards Act or Regulations except where duplication of Medicare benefits would result.

**6.2 General Requirements**

- 6.2.1 Within ninety (90) days of the effective date of this regulation, every insurer, health care service plan or other entity required to file its policies or contracts with this state shall file new medicare supplement insurance policies or contracts which eliminate any duplication of medicare supplement benefits with benefits provided by Medicare and which provides a clear description of the policy or contract benefit.
- 6.2.2 The filing required under section 6.2.1 shall provide for loss ratios which are in compliance with all minimum standards.
- 6.2.3 Every applicant for a medicare supplement insurance policy, contract or certificate shall be provided with an outline of coverage which simplifies and accurately describes benefits provided by Medicare and policy or contract benefits along with benefit limitations.

**7.0 Filing Requirements for Advertising**

- 7.1 Every insurer, health care service plan or other entity providing medicare supplement insurance or benefits in this state shall provide a copy of any advertisement intended for use in this state whether through written, radio or television medium to the Commissioner of Insurance of this State for review by the Commissioner. Such advertisement shall comply with all applicable laws of this state.

**8.0 Buyer's Guide**

- 8.1 No insurer, health care service plan or other entity shall make use of or otherwise disseminate any Buyer's Guide or informational brochure which does not accurately outline current Medicare benefits and which has not been adopted by the Commissioner.

**9.0 Separability**

- 9.1 If any provision of this regulation or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

**10.0 Effective Date**

- 10.1 This regulation shall be effective upon adoption, under the authority of 29 **Del.C.** §10118(b).