

HOUSE BILL REPORT

HB 1910

As Passed Legislature

Title: An act relating to making medicare supplemental insurance conform to federal laws.

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

Sponsor(s): Representatives Dellwo, R. Johnson, Paris, Inslee, Brough, Winsley, Wood, Van Luven and Moyer; by request of Insurance Commissioner.

Brief History:

Reported by House Committee on:

Financial Institutions & Insurance, February 28, 1991, DP;

Passed House, March 18, 1991, 98-0;

Passed Legislature, 98-0.

**HOUSE COMMITTEE ON
FINANCIAL INSTITUTIONS & INSURANCE**

Majority Report: *Do pass.* Signed by 12 members: Representatives Zellinsky, Vice Chair; Broback, Ranking Minority Member; Mielke, Assistant Ranking Minority Member; Anderson; Dorn; Inslee; R. Johnson; R. Meyers; Paris; Schmidt; Scott; and Winsley.

Staff: John Conniff (786-7119).

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 "Baucus amendment." 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 required the insurance commissioner to adopt rules establishing minimum standards for medigap policies. The law limited cancellation and non-renewal of medigap policies, prohibited certain policy limitations and

conditions, and required certain disclosures. In addition, the law set loss ratio standards for both individual and group policies to ensure that policies returned 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. After the model law is changed, states have one year to amend their regulations to conform. If the state regulations do not conform, all medigap policies sold in the nonconforming states must be certified by the secretary. The federal law 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 of Bill: The insurance commissioner is authorized to adopt such rules as are necessary to conform state law to federal law governing medicare supplemental health insurance.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: None.

Witnesses: None.