SENATE BILL REPORT

ESSB 5611

As Passed Senate, February 9, 2000

Title: An act relating to medicare supplement insurance.

Brief Description: Regulating medicare supplement insurance.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Thibaudeau, Kline, Prentice, Winsley and Costa; by request of Insurance Commissioner).

Brief History:
Committee Activity: Health & Long-Term Care: 2/10/99, 3/1/99 [DPS].
Passed Senate, 3/15/99, 47-0; 2/9/00, 45-0.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5611 be substituted therefor, and the substitute bill do pass.

Signed by Senators Thibaudeau, Chair; Wojahn, Vice Chair; Costa, Deccio, Franklin, Johnson and Winsley.

Staff: Jonathan Seib (786-7427)

Background: Health care coverage through Medicare is available to persons over the age of 65, persons suffering from end-stage renal disease, or persons who have disabilities. However, the original Medicare plan does not cover all costs or all medical services that an individual might need.

Additional coverage may therefore be purchased by these individuals through supplemental private policies known as Medigap.– There are ten standard Medigap policies lettered Plan A through Plan J « with each plan offering a different benefit package. Only Plans H, I, and J cover prescriptions drugs.

Individuals age 65 or above may not be denied a Medigap policy because of a pre-existing medical condition as long as they apply for the policy within six months after their standard Medicare coverage begins. However, treatment for the pre-existing condition need not be covered for up to three months.

Individuals in Medigap Plans B, C, D, E, F or G may not be denied enrollment if they wish to replace their existing plan with any other of these lettered plans. Individuals may also not be denied enrollment in plans A, H, I or J if they transfer from the same lettered plan (presumably offered by another company). In case of any replacement, the time served– against any pre-existing condition waiting period under the policy being replaced must be applied to the replacing policy.

Medicare coverage is also available to some through managed care plans. In addition to standard Medicare benefits, managed care enrollees also receive supplemental benefits for which, in some cases, they pay no additional premium. Medicare managed care plans are required to have a one-month open enrollment period at least once a year where any Medicare eligible individual age 65 or above may enroll. Pre-existing condition waiting periods are not allowed.

Individuals enrolled in a Medicare managed care plan may not be denied coverage if they wish to replace the plan with Medigap Plans B, C, D, E, F or G. Replacement with Plans H, I, or J is not guaranteed. In the case of replacement of a managed care plan with a Medigap plan, the protections against pre-existing condition waiting periods are more limited than for replacing one Medigap plans with another.

Last fall, some Medicare managed care companies decided to no longer provide coverage in this state, requiring some 30,000 enrollees to move to original Medicare and Medigap policies. There is concern that these people, and others who may need to do so, may not have sufficient protections to transfer to the Medigap policy they need or prefer.

Summary of Bill: Any person eligible for Medicare who wishes to replace his or her existing health coverage with any of the standardized Medigap plans must be issued that plan. The replacing issuer must waive any pre-existing condition waiting periods for similar benefits if a similar waiting period was satisfied under the original coverage.

This applies to all Medicare supplemental plans offered or issued on or after September 1, 2000.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill will make it easier for those on Medicare to access and move between supplemental policies that address all of their health care needs. It is especially important given the recent decision by a number of Medicare managed care plans to no longer offer coverage in this state.

Testimony Against: None.

Testified: PRO: Deborah Senn, Joan Lewis, Office of the Insurance Commissioner; Bruce Reeves, Senior Citizens Lobby; Skip Dreps, Paralyzed Veterans of America.