

# SENATE BILL REPORT

## SB 6078

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 27, 2001

**Title:** An act relating to medicare beneficiary eligibility for health services.

**Brief Description:** Concerning the issuance of a medicare supplement policy or certificate.

**Sponsors:** Senator Thibaudeau; by request of Insurance Commissioner.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/21/01, 2/27/01 [DPS].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** That Substitute Senate Bill No. 6078 be substituted therefor, and the substitute bill do pass.

Signed by Senators Thibaudeau, Chair; Franklin, Vice Chair; Costa, Deccio, Fraser 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.–

State regulation of Medigap policies must meet minimum standards established by the federal Health Care Financing Administration. The need to remain in compliance with federal standards recently prompted the Insurance Commissioner to amend its administrative rules regarding Medigap policies. To a large extent, these amendments were based on model language developed by the National Association of Insurance Commissioners.

Among other things, the Insurance Commissioner rules address the issue of eligibility for Medigap policies through open enrollment, and limit the circumstances in which a carrier may impose a pre-existing condition waiting period on those purchasing a Medigap policy. It is suggested that state statute also be amended in a similar fashion to further clarify the consistency of state law with federal standards.

**Summary of Substitute Bill:** No exclusion or limitation of pre-existing conditions may be applied to Medicare supplemental policies replaced in accordance with existing law, if the policy or certificate replaced had been in effect for at least three months. Standards governing Medigap eligibility and transfer between Medigap plans are codified.

**Substitute Bill Compared to Original Bill:** The substitute bill makes technical corrections and amendments to avoid conflicts with existing law.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** The Health Care Financing Administration (HCFA) recently identified areas within our state's Medicare law that lack compliance with federal law. The purpose of this bill is to bring our state law into compliance with the federal law and satisfy HCFA's concerns.

**Testimony Against:** None.

**Testified:** Janice LaFlash, Office of the Insurance Commissioner.