

HOUSE BILL REPORT

HB 2442

As Passed House:
February 10, 2012

Title: An act relating to clarifying when evidence of insurability may be required for medicare supplement insurance policies.

Brief Description: Clarifying when evidence of insurability may be required for medicare supplement insurance policies.

Sponsors: Representatives Bailey and Cody.

Brief History:

Committee Activity:

Health Care & Wellness: 1/23/12, 1/26/12, 1/30/12 [DP].

Floor Activity:

Passed House: 2/10/12, 95-1.

Brief Summary of Bill

- Changes when an issuer may require evidence of insurability prior to replacing a Medicare supplement insurance policy.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 11 members: Representatives Cody, Chair; Jinkins, Vice Chair; Schmick, Ranking Minority Member; Hinkle, Assistant Ranking Minority Member; Bailey, Clibborn, Green, Harris, Kelley, Moeller and Van De Wege.

Staff: Jim Morishima (786-7191).

Background:

Medicare supplement insurance, commonly known as Medigap, is a type of insurance that fills coverage gaps in the federal Medicare program. There are several types of Medicare supplement policies, which are subject to both federal and state standards and enforced by the Office of the Insurance Commissioner.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In 2008 the federal Medicare Improvement for Patients and Providers Act changed the types of Medicare supplement insurance plans that may be offered. Beginning June 1, 2010, state law required an issuer of a Medicare supplement policy to:

- issue coverage under its standardized plans B, C, D, F, F with high deductible, G, K, L, M, or N to a Medicare-eligible state resident if the policy replaces another Medicare supplement policy or other more comprehensive coverage. When replacing such a plan, the issuer may not require evidence of insurability; i.e., medical underwriting; and
- issue coverage under its standardized plan A to a Medicare-eligible state resident if the policy replaces another standardized plan A Medicare supplement policy. When replacing such a plan, the issuer may not require evidence of insurability; i.e., medical underwriting.

Summary of Bill:

When replacing a Medicare supplement plan that was originally issued prior to June 1, 2010, the issuer has the option of requiring evidence of insurability. However, if the Medicare supplement insurance plan being replaced was issued on or after June 1, 2010, the issuer may not require evidence of insurability.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill will put us into compliance with federal law and the National Association of Insurance Commissioners (NAIC) model law. The guidance from the NAIC and the Insurance Commissioner allowed, but did not require, issuing replacement plans without medical underwriting. The Office of the Insurance Commissioner reversed its guidance. Without this legislation, premium rates will increase. This bill will stabilize the pool for the old plans by removing incentives to move to the new plans. People who do not pass underwriting will not be left out; they will still be able to purchase the old plans.

(With concerns) Purchasers of Medicare supplement plans have had portability. This bill will lock consumers into their pre-2010 plans unless the plan chooses not to underwrite. Portability could be preserved by allowing portability only during a certain timeframe or allowing portability only between similar plan types.

(Opposed) None.

Persons Testifying: (In support) Representative Bailey, prime sponsor; and Sheela Tallman, Premera Blue Cross.

(With concerns) Mary Clogston, AARP of Washington.

Persons Signed In To Testify But Not Testifying: None.