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COUNCIL OF THE DISTRICT OF COLUMBIA

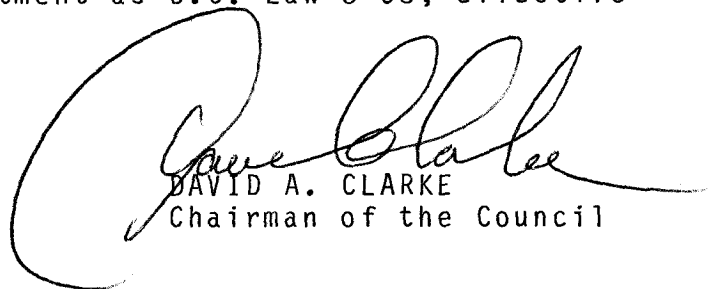
NOTICE

D.C. LAW 8-68

"Medicare Supplement Insurance Minimum
Standards Temporary Act of 1989".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 8-398 on first and second readings, September 26, 1989, and October 10, 1989, respectively. Following the signature of the Mayor on October 27, 1989, this legislation was assigned Act No. 8-103, published in the November 10, 1989, edition of the D.C. Register, (Vol. 36 page 7728) and transmitted to Congress on November 1, 1989 for a 30-day review, in accordance with Section 602(c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 8-68, effective February 22, 1990.



DAVID A. CLARKE
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

November 1,2,3,6,7,8,9,13,14,15,16,17,20,21,22

January 23,24,25,26,29,30,31

February 1,2,5,6,7,8,20,21

FEB 22 1990

Enrolled Original

AN ACT

D.C. ACT 8 - 108

Codification,
New Chapter 24
District of Columbia Code
(1990 Supplement)

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

OCT 27 1989

To provide, on a temporary basis, for adjustments in Medicare supplemental insurance in the District of Columbia to conform to recent changes in the federal law and to repeal the Medicare Supplement Insurance Act of 1983.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Medicare Supplement Insurance Minimum Standards Temporary Act of 1989".

Note,
1-229

Sec. 2. Definitions.

For the purposes of this act, the term:

New,
35-2401

(1) "Applicant" means:

(A) A person who seeks to contract for insurance benefits, a Medicare supplement policy, or a Medicare supplement subscriber contract; or

(B) The proposed certificate holder under a group Medicare supplement policy or Medicare supplement subscriber contract.

(2) "Certificate" means a certificate issued under a group Medicare supplement policy that is delivered or issued for delivery in the District.

(3) "District" means the District of Columbia.

(4) "Insurer" means an individual, partnership, corporation, association, fraternal benefit association, nonprofit health service plan, or other business entity that issues, amends, or renews a group hospital or major medical insurance policy or contract in the District. The term "insurer" shall include Group Hospitalization and Medical Services, Incorporated.

(5) "Medicare" means the medical insurance program established pursuant to the Health Insurance for the Aged Act, approved July 30, 1965 (42 U.S.C. 303 et seq; 79 Stat. 290).

(6) "Medicare supplement policy" means a group or individual policy of accident or health insurance or a

subscriber contract of a hospital, medical service association, or health maintenance organization that is advertised, marketed, or designed primarily as a supplement to a reimbursement under Medicare for the hospital, medical, or surgical expenses of a person eligible for Medicare by reason of age. The term "Medicare supplement policy" shall not include:

(A) A policy or contract of an employer, labor organization, trustee of a fund established by an employer of a labor organization, or any combination of employer, labor organization, or trustee, or a policy or contract for members, former members, or members and former members of a labor organization;

(B) A policy or contract of a professional, trade, or occupational association for the current, former or retired members of the professional, trade, or occupational association, if the association:

(i) Is composed entirely of individuals actively engaged in the same profession, trade, or occupation;

(ii) Is maintained in good faith for purposes other than obtaining insurance; and

(iii) Has existed for at least 2 years prior to the date that the policy or plan was initially offered to the members; or

(C) An individual policy or contract issued pursuant to a conversion privilege under a policy or contract of group or individual insurance, if the group or individual policy or contract includes provisions that are inconsistent with this act.

Sec. 3. Applicability and scope.

(a) Except as otherwise specifically provided, this act shall apply to:

(1) Each Medicare supplement policy or Medicare supplement subscriber contract delivered or issued for delivery in the District; and

(2) Each certificate issued under a group Medicare supplement policy or Medicare supplement subscriber contract delivered or issued for delivery in the District.

(b) This act is not intended to prohibit or apply to an insurance policy or health care benefit plan, including a group conversion policy, provided to a Medicare eligible person if the policy is not marketed or held out as a Medicare supplement policy or Medicare supplement benefit plan.

(c) This act shall not apply to a policy or contract of 1 or more employers or labor organizations, or of the trustees of a fund established by 1 or more employers or labor organizations, or combination thereof, for employees

New,
35-2402

or former employees or a combination thereof, or for members or former members, or a combination thereof, of a labor organizations."

Sec. 4. Standards for policy provision.

New,
35-2403

(a) No Medicare supplement insurance policy, contract, or certificate issued to a resident of the District shall contain benefits that duplicate benefits provided by Medicare.

(b) Except as provided in this act, the insurance laws of the District that relate to minimum standards for policy benefits shall not apply to a Medicare supplement policy. The Mayor shall, by rule, establish minimum standards for Medicare supplement policies, certificates, claims, marketing practices, and penalties. The standards shall be in addition to and in accordance with applicable laws of the District. The standards may cover, but need not be limited to:

- (1) Terms of renewability;
- (2) Initial and subsequent conditions of eligibility;
- (3) Duplication of coverage;
- (4) Probationary periods;
- (5) Benefit limitations, exceptions, and reductions;
- (6) Elimination periods;
- (7) Requirements for replacement;
- (8) Recurrent conditions; and
- (9) Definitions of terms.

(c) The Mayor may prohibit, by rule, the use of a policy provision not specifically authorized by statute, if the Mayor finds that the provision is unjust, unfair, or unfairly discriminatory with respect to a person insured under a Medicare Supplement policy or proposed for coverage under a Medicare supplement policy.

(d) Notwithstanding any other law of the District, an issuer shall not prohibit, under a Medicare supplement policy, a claim for a preexisting condition if the claim is filed more than 6 months after the effective date of coverage. A Medicare supplement policy may not define as a preexisting condition any condition or lesser related symptom for which medical advice or treatment was recommended or provided within the 6-month period that preceded the effective date of coverage.

Sec. 5. Filing requirements; master policy and certificate.

New,
35-2404

Each insurer who provides group Medicare supplement insurance benefits to a resident of the District shall file the master policy and certificate as provided by rule issued

pursuant to this section, except that no insurer shall be required to file the master policy and certificate within the 30-day period following the date that the insurance is provided if the policy is a master policy issued for delivery outside of the District.

Sec. 6. Loss Ratio standards.

New,
35-2405

(a) A Medicare supplement policy shall provide benefits that are reasonable in relation to the premium charged. The Mayor shall establish, by rule, minimum standards for loss ratios of Medicare supplement policies on the basis of incurred claims experience or insured health care expenses for health maintenance organizations that provide coverage on a service rather than reimbursement basis and earned premiums and fees that are in accordance with accepted actuarial principles and practices. Each insurer that provides a Medicare supplement policy or certificate in the District shall file annually its rates, rating schedule, and supporting documentation to demonstrate that the loss ratios comply with this act and rules issued pursuant to this section.

(b) If a policy issued by a company is replaced by that company and the benefits under the new policy are substantially similar to the benefits under the replaced policy, the insurer shall not provide to its agents or other producers compensation under the new policy that is greater than the renewal compensation that would have been paid under the replaced policy if the replaced policy had been renewed by the same insurer or insurance group.

Sec. 7. Disclosure standards; outline of coverage.

New,
35-2406

(a) No Medicare supplement policy or certificate shall be delivered in the District unless an outline of coverage is delivered to the applicant at the time that the policy or certificate is delivered. The Mayor shall prescribe, by rule, the format and content of the outline of coverage required by this subsection. For the purposes of this subsection, the term "format" means style, arrangement, and overall appearance, including the size, color, prominence of type, and arrangement of text and captions.

(b) The outline of coverage required by subsection (a) of this section shall include:

(1) A description of the principal benefits and coverage provided in the policy;

(2) A statement of the exceptions, reductions, and limitations contained in the policy;

(3) A statement of the renewal provisions, including any reservation by the insurer of a right to change premiums; and

(4) A statement that the outline of coverage is a summary of the policy issued or applied for and the policy should be consulted to determine which contractual provisions govern the policy.

(c) The Mayor may prescribe, by rule, a standard form and the contents of a brochure to be issued to persons eligible for Medicare by reason of age to assist the proposed insured in the selection of the most appropriate coverage and improve the proposed insured's understanding of Medicare. If the policy is a direct response insurance policy, the Mayor may require, by rule, that the brochure be provided to each proposed insured upon request or no later than at the time that the policy is delivered. If the policy is not a direct response insurance policy, the Mayor may require, by rule, that the brochure be provided to an applicant at the time that the outline of coverage is delivered.

(d) The Mayor may require, by rule, that each accident or health insurance policy offered for sale to a person eligible for Medicare by reason of age include notice that the policy either does or does not include Medicare supplement coverage and may establish, by rule, caption or notice standards. The Mayor may not require the notice set forth in this subsection for:

- (1) A Medicare supplement policy;
- (2) A disability income policy;
- (3) A basic catastrophic or major medical expense policy; or
- (4) A single premium, nonrenewable policy.

(e) The Mayor may prescribe, by rule, the full and fair disclosure of information to persons eligible for Medicare by reason of age in connection with the replacement of an accident or health policy, or a subscriber contract or certificate.

Sec. 8. Notice of free examination.

A Medicare supplement policy or certificate shall have prominently printed on the first page of the policy or certificate or as an attachment to the policy or certificate notice that the applicant has the right to return the policy or certificate within 30 days of delivery and to have the premium refunded if, after examination of the policy or certificate, the applicant is not satisfied for any reason. Any refund made pursuant to this section shall be paid directly to the applicant by the insurer in a timely manner.

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35-2407

Sec. 9. Filing requirements for advertising.

(a) The Mayor shall establish, by rule, standards for advertising Medicare supplement insurance and benefits in the District.

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35-2408

(b) Each insurer, health care service plan, or other entity that provides Medicare supplement insurance or benefits in the District shall provide to the Mayor, for review, a copy of any Medicare supplement advertisement intended for use in the District. The advertisement shall comply with An Act To provide for the regulation of credit life insurance and credit accident insurance in the District of Columbia, approved September 25, 1962 (76 Stat. 580; D.C. Code, sec. 35-1001 et seq.), and rules issued pursuant to this section.

Sec. 10. Remedies.

(a) In addition to any other applicable penalty for a violation of the insurance laws of the District, the Mayor may require an insurer who violates this act or rules issued pursuant to this act to cease marketing in the District any Medicare supplement policy or certificate that is related directly or indirectly to a violation, comply with the provisions of this act, or both.

(b) A violation of this act shall be a civil infraction for purposes of the Department of Consumer and Regulatory Affairs Civil Infractions Act of 1985, effective October 5, 1985 (D.C. Law 6-42; D.C. Code, sec. 6-2701 et seq.) ("Civil Infractions Act"). Civil fines, penalties, and fees may be imposed as sanctions for any infraction of the provisions of this act, pursuant to titles I-III of the Civil Infractions Act. Adjudication of any infractions shall be pursuant to title I-III of the Civil Infractions Act.

New,
35-2409

Sec. 11. Rules.

The Mayor shall issue, pursuant to Title 1 of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1203; (D.C. Code, sec. 1-1501 et seq.)), rules to implement this act.

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35-2410

Sec. 12. Repeal.

The Medicare Supplement Insurance Act of 1983, effective June 22, 1983 (D.C. Law 5-12; D.C. Code, sec. 35-2201 et seq.), is repealed.

35-2201
et seq.
Repeal

Sec. 13. Effective date.

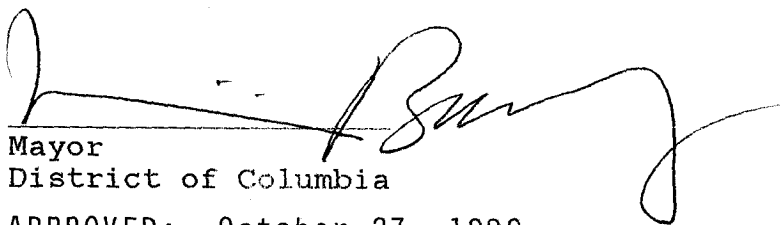
(a) This act shall take effect after a 30-day period of Congressional review following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto) as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code, sec. 1-233(c)(1)), and publication in either the District of

Columbia Register, the District of Columbia Statutes-at-Large, or the District of Columbia Municipal Regulations.

(b) This act shall expire on the 225th day of its having taken effect.



Chairman
Council of the District of Columbia



Mayor
District of Columbia

APPROVED: October 27, 1989



COUNCIL OF THE DISTRICT OF COLUMBIA
Council Period Eight

RECORD OF OFFICIAL COUNCIL VOTE

DOCKET NO: Bill 8-398

☒ Item on Consent Calendar

☒ ACTION & DATE: Adopted First Reading, 9-26-89

☒ VOICE VOTE: Approved

Recorded vote on request

Absent: all present

☐ ROLL CALL VOTE: — RESULT (/ /)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					MASON					THOMAS, SR.				
CRAWFORD					NATHANSON					WILSON				
JARVIS					RAY					WINTER				
KANE					ROLARK									
LIGHTFOOT					SMITH, JR.									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Secretary to the Council

Date

☒ Item on Consent Calendar

☒ ACTION & DATE: Adopted Final Reading, 10-10-89

☒ VOICE VOTE: Approved

Recorded vote on request

Absent: all present

☐ ROLL CALL VOTE: — RESULT (/ /)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					MASON					THOMAS, SR.				
CRAWFORD					NATHANSON					WILSON				
JARVIS					RAY					WINTER				
KANE					ROLARK									
LIGHTFOOT					SMITH, JR.									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Secretary to the Council

Date

☐ Item on Consent Calendar

☐ ACTION & DATE:

☐ VOICE VOTE:

Recorded vote on request

Absent:

☐ ROLL CALL VOTE: — RESULT (/ /)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					MASON					THOMAS, SR.				
CRAWFORD					NATHANSON					WILSON				
JARVIS					RAY					WINTER				
KANE					ROLARK									
LIGHTFOOT					SMITH, JR.									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Secretary to the Council

Date