

TITLE 41
INSURANCE

CHAPTER 44
MEDICARE SUPPLEMENT INSURANCE MINIMUM STANDARDS

41-4401. PURPOSE. The purpose of this chapter shall be to provide reasonable standardization and simplification of terms and coverages of medicare supplement disability insurance policies and enrollee contracts of managed care organizations, to facilitate public understanding and comparison, to eliminate provisions contained in disability insurance policies and enrollee contracts of managed care organizations which may be misleading or unreasonably confusing in connection either with the purchase of such coverages or with the settlement of claims, and to provide for full disclosure in the sale of such coverages.

[41-4401, added 1999, ch. 102, sec. 2, p. 323.]

41-4402. DEFINITIONS. (1) "Applicant" means:

(a) In the case of an individual medicare supplement policy, the person who seeks to contract for insurance benefits; and

(b) In the case of a group medicare supplement policy, the proposed certificate holder.

(2) "Certificate" means, for the purposes of this chapter, any certificate delivered or issued for delivery in this state under a group medicare supplement policy.

(3) "Certificate form" means the form on which the certificate is delivered or issued for delivery by the issuer.

(4) "Issuer" includes insurance companies, fraternal benefit societies, managed care organizations, and any other entity delivering or issuing for delivery in this state medicare supplement policies or certificates.

(5) "Medicare" means the "Health Insurance for the Aged Act," title XVIII of the social security amendments of 1965, as then constituted or later amended.

(6) "Medicare supplement policy" means a group or individual policy of accident and sickness insurance or an enrollee contract under a managed care organization, other than a policy issued pursuant to a contract under section 1876 of the federal social security act (42 U.S.C. section 1395 et seq.), or an issued policy under a demonstration project specified in 42 U.S.C. section 1395ss(g)(1), which is advertised, marketed or designed primarily as a supplement to reimbursements under medicare for the hospital, medical or surgical expenses of persons eligible for medicare.

(7) "Policy form" means the form on which the policy is delivered or issued for delivery by the issuer.

[41-4402, added 1999, ch. 102, sec. 2, p. 323.]

41-4403. APPLICABILITY AND SCOPE. (1) Except as otherwise specifically provided this chapter shall apply to:

(a) All medicare supplement policies delivered or issued for delivery in this state on or after the effective date of this act; and

(b) All certificates issued under group medicare supplement policies, which certificates have been delivered or issued for delivery in this state.

(2) This chapter shall not apply to a policy of one (1) or more employers or labor organizations, or of the trustees of a fund established by one (1) or more employers or labor organizations, or combination thereof, for employees or former employees or a combination thereof, or for members or former members, or a combination thereof, of the labor organizations.

(3) Except as otherwise specifically provided in section [41-4406](#)(4), Idaho Code, the provisions of this chapter are not intended to prohibit or apply to insurance policies or health care benefit plans, including group conversion policies, provided to medicare eligible persons when the policies are not marketed or held to be medicare supplement policies or benefit plans.

[41-4403, added 1999, ch. 102, sec. 2, p. 324.]

41-4404. STANDARDS FOR POLICY PROVISIONS AND AUTHORITY TO PROMULGATE RULES. (1) No medicare supplement policy or certificate in force in this state shall contain benefits that duplicate benefits provided by medicare.

(2) Notwithstanding any other provision of law of this state, a medicare supplement policy or certificate shall not exclude or limit benefits for loss incurred more than six (6) months from the effective date of coverage because it involved a preexisting condition. The policy or certificate shall not define a preexisting condition more restrictively than a condition for which medical advice was given or treatment was recommended by or received from a physician within six (6) months before the effective date of coverage.

(3) The director may adopt reasonable rules to establish specific standards for policy provisions of medicare supplement policies and certificates. The standards shall be in addition to and in accordance with applicable laws of this state, including [chapter 21, title 41](#), Idaho Code, disability insurance policies. No requirement of the insurance code relating to minimum required policy benefits, other than the minimum standards contained in this chapter, shall apply to medicare supplement policies and certificates. The standards may cover but not be limited to:

(a) Terms of renewability;

(b) Initial and subsequent conditions of eligibility, including an annual period during which a policyholder may terminate an existing medicare supplement policy and be eligible to purchase any other comparable or lesser medicare supplement policy on a guaranteed issue basis;

(c) Nonduplication of coverage;

(d) Probationary periods;

(e) Benefit limitations, exceptions and reductions;

(f) Elimination periods;

(g) Requirements for replacement;

(h) Recurrent conditions;

(i) Definition of terms;

(j) Open enrollment; and

(k) Attained age rating prohibited; issue age rating prohibited for policies issued after February 28, 2022; and community rating permitted.

(4) The director may adopt reasonable rules to establish minimum standards for benefits, claims payment, marketing practices and compensation

arrangements, and reporting practices for medicare supplement policies and certificates.

(5) The director may adopt from time to time reasonable rules necessary to conform medicare supplement policies and certificates to the requirements of federal law and regulations promulgated thereunder, including but not limited to:

- (a) Requiring refunds or credits if the policies or certificates do not meet loss ratio requirements;
- (b) Establishing a uniform methodology for calculating and reporting loss ratios;
- (c) Assuring public access to all policies, premiums and loss ratio information of issuers of medicare supplement insurance;
- (d) Establishing a process for approving or disapproving policy forms and certificate forms and proposed premium increases;
- (e) Establishing a policy for holding public hearings prior to approval of premium increases; and
- (f) Establishing standards for medicare select policies and certificates.

(6) The director may adopt reasonable rules that specify prohibited policy provisions not otherwise specifically authorized by statute that, in the opinion of the director, are unjust, unfair, or unfairly discriminatory to any person insured or proposed to be insured under a medicare supplement policy or certificate.

[41-4404, added 1999, ch. 102, sec. 2, p. 324; am. 2021, ch. 274, sec. 1, p. 826.]

41-4405. LOSS RATIO STANDARDS. Medicare supplement policies shall return to policyholders benefits which are reasonable in relation to the premium charged. The director may issue reasonable rules to establish minimum standards for loss ratios of medicare supplement policies on the basis of incurred claims experience, or incurred health care expenses where coverage is provided by a managed care organization on a service rather than reimbursement basis, and earned premiums in accordance with accepted actuarial principles and practices.

[41-4405, added 1999, ch. 102, sec. 2, p. 325.]

41-4406. DISCLOSURE STANDARDS. (1) In order to provide for full and fair disclosure in the sale of medicare supplement policies, no medicare supplement policy or certificate shall be delivered in this state unless an outline of coverage is delivered to the applicant at the time application is made.

(2) The director may prescribe the format and content of the outline of coverage required by this section. For purposes of this section, "format" means style, arrangements and overall appearance, including such items as the size, color and prominence of type and arrangement of text and captions. The outline of coverage shall include:

- (a) A description of the principal benefits and coverage provided in the policy;
- (b) A statement of the renewal provisions, including any reservation by the issuer of a right to change premiums;

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

(3) The director may prescribe by rule a standard form and the contents of an informational brochure for persons eligible for medicare, which is intended to improve the buyer's ability to select the most appropriate coverage and improve the buyer's understanding of medicare. Except in the case of direct response insurance policies, the director may require by rule that the informational brochure be provided to any prospective insureds eligible for medicare concurrently with delivery of the outline of coverage. With respect to direct response insurance policies, the director may require by rule that the prescribed brochure be provided upon request to any prospective insureds eligible for medicare, but in no event later than the time of policy delivery.

(4) The director may adopt rules for captions or notice requirements, determined to be in the public interest and designed to inform prospective insureds that particular insurance coverages are not medicare supplement coverages, for all accident and sickness insurance policies sold to persons eligible for medicare, other than:

- (a) Medicare supplement policies; or
- (b) Disability income policies.

(5) The director may adopt reasonable rules to govern the full and fair disclosure of the information in connection with the replacement of accident and sickness policies, or certificates by persons eligible for medicare.

[41-4406, added 1999, ch. 102, sec. 2, p. 325.]

41-4407. NOTICE OF FREE EXAMINATION. Medicare supplement policies and certificates shall have a notice prominently printed on the first page of the policy or certificate or attached thereto stating in substance that the applicant shall have the right to return the policy or certificate within thirty (30) days of its delivery and to have the premium refunded if, after examination of the policy or certificate, the applicant is not satisfied for any reason. A refund made pursuant to this section shall be paid directly to the applicant by the issuer in a timely manner.

[41-4407, added 1999, ch. 102, sec. 2, p. 326.]

41-4408. FILING REQUIREMENTS FOR ADVERTISING. Every issuer of medicare supplement insurance policies or certificates in this state shall provide a copy of any medicare supplement advertisement intended for use in this state whether through written, radio or television medium to the director of the Idaho department of insurance for review or approval by the director to the extent it may be required under state law.

[41-4408, added 1999, ch. 102, sec. 2, p. 326.]

41-4409. ADMINISTRATIVE PROCEDURES. Rules adopted pursuant to this chapter shall be subject to the provisions of [chapter 52, title 67](#), Idaho Code.

[41-4409, added 1999, ch. 102, sec. 2, p. 327.]

41-4410. PENALTIES. In addition to any other applicable penalties for violations of the insurance code, the director may require issuers violating any provision of this chapter or rules promulgated pursuant to this chapter to cease marketing any medicare supplement policy or certificate in this state which is related directly or indirectly to a violation or may require the issuer to take actions necessary to comply with the provisions of this chapter, or both.

[41-4410, added 1999, ch. 102, sec. 2, p. 327.]

41-4411. SEPARABILITY. If any provision of this act or the application of it to any person or circumstances is for any reason held to be invalid, the remainder of the act and the application of the provision to other persons or circumstances shall not be affected.

[41-4411, added 1999, ch. 102, sec. 2, p. 327.]

CHAPTER 45
MOTOR CLUBS [REPEALED]