

LEGISLATIVE BILL 305

Approved by the Governor March 18, 1986

Introduced by Nelson, 35; Higgins, 9

AN ACT relating to insurance; to amend sections 44-3603 and 44-3604, Reissue Revised Statutes of Nebraska, 1943; to change provisions relating to Medicare supplement and limited indemnity policies; to harmonize provisions; and to repeal the original sections.
Be it enacted by the people of the State of Nebraska,

Section 1. That section 44-3603, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

44-3603. The department shall adopt and promulgate rules and regulations to establish specific standards, including standards for full and fair disclosure, that set forth the format, manner, content, and required disclosure for the sale of group or individual Medicare supplement policies and group or individual limited indemnity policies providing coverage of persons eligible for Medicare by reason of age.

(1) Such standards shall be in addition to and in accordance with applicable laws of this state, including sections 44-710.01 to 44-710.19, and which shall cover, but shall not be limited to:

(a) Terms of renewability, which shall provide that the policy may not be canceled or not renewed by the insurer solely on the grounds of deterioration of health;

(b) Nonduplication of coverage;

(c) Initial and subsequent conditions of eligibility;

(d) Preexisting conditions;

(e) Probationary periods;

(f) Limitations, exceptions, and reductions which shall not include those which are more restrictive than those of Medicare for any type of care covered under the policy;

(g) Elimination periods;

(h) Requirements for replacement;

(i) Recurrent conditions; and

(j) Definition of terms, including, but not limited to, the following: Hospital, accident, sickness, injury, physician, accidental means,

guaranteed renewable, skilled nursing facility, and any other terms not adequately defined in the Medicare Supplement and Sickness and Accident Insurance Minimum Standards Act sections 44-3601 to 44-3611 or other terms for which the department deems a definition necessary.

(2) Such standards shall specify prohibited policy provisions not otherwise specifically authorized by statute which in the opinion of the department are unjust, unfair, or unfairly discriminatory to the policyholder, any person insured under the policy, or beneficiary.

(3) Such coverage shall not indemnify against losses resulting from sickness on a less favorable basis than losses resulting from accidents.

(4) Such coverage shall provide that benefits designed to cover cost-sharing amounts under Medicare will be changed automatically to coincide with any changes in the applicable Medicare deductible amount and copayment percentage factors. Premiums may be changed to correspond with such changes subject to subsection ~~(2)~~ (3) of section 44-3604.

Sec. 2. That section 44-3604, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

44-3604. (1) The department may adopt and promulgate rules and regulations in addition to those provided in this section to establish minimum standards for benefits for group or individual Medicare supplement policies or group or individual limited indemnity policies, other than conversion policies issued pursuant to a contractual conversion privilege under a group or individual policy when such group or individual policy contains provisions which are inconsistent with the requirements of ~~sections 44-3601 to 44-3611~~ the Medicare Supplement and Sickness and Accident Insurance Minimum Standards Act. No group or individual Medicare supplement policy shall be delivered or issued for delivery in this state which does not meet the following minimum benefit standards, but such minimum benefit standards shall not preclude the inclusion of other provisions or benefits which are not inconsistent with these minimum benefit standards:

(a) Daily coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Part A Medicare for each day from the sixty-first day through the ninetieth day in any Medicare benefit period;

(b) Coverage of Part A Medicare eligible expenses incurred as daily hospital charges during use

of Medicare's lifetime hospital inpatient reserve days;

(c) Upon exhaustion of all Medicare hospital inpatient coverages including the lifetime reserve days, coverage of ninety per cent of all Part A Medicare eligible expenses for hospitalization not covered by Medicare subject to a lifetime maximum benefit of an additional three hundred sixty-five days; and

(d) Coverage of Part A Medicare eligible expenses incurred in an amount equal to the amount deductible under Medicare for skilled nursing care in a skilled nursing facility from the twenty-first day through the one hundredth day of such care for any benefit period; and

(e) Coverage of twenty per cent of the amount of Medicare eligible expenses under Part B regardless of hospital confinement, subject to a maximum calendar year out-of-pocket deductible of two hundred dollars of such expenses and to a maximum benefit of at least five thousand dollars per calendar year.

(2) If coverage is not provided for Part A Medicare eligible expenses incurred in an amount equal to the amount deductible under Medicare for skilled nursing care in a skilled nursing facility from the twenty-first day through the one hundredth day of such care for any benefit period, that fact shall be disclosed in writing to any prospective insured in (a) the application for such policy, (b) the outline of coverage for such policy provided pursuant to section 44-3605, and (c) the policy itself.

(3) ~~(2)~~ The premium rates charged for group or individual Medicare supplement policies and group or individual limited indemnity policies shall be subject to section 44-710. The department shall prescribe by rule and regulation minimum loss ratios applicable to the premium rates for group and individual Medicare supplement policies and group and individual limited indemnity policies.

(4) ~~(3)~~ The department shall prescribe the method of identification of group or individual Medicare supplement policies and group or individual limited indemnity policies based on coverages provided. In no event shall any policy of insurance not meeting the provisions of subsection (1) of this section be advertised, marketed, or sold as a group or individual Medicare supplement insurance policy.

Sec. 3. That original sections 44-3603 and 44-3604, Reissue Revised Statutes of Nebraska, 1943, are repealed.