

# ENROLLMENT(S)



COUNCIL OF THE DISTRICT OF COLUMBIA

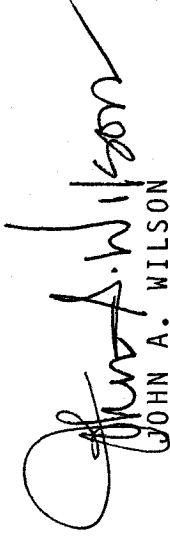
NOTICE

D.C. LAW 8-244

"Medicare Catastrophic Coverage Repeal  
Minimum Guidelines Act of 1990".

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. 8-241 on first and second readings, December 4, 1990, and December 18, 1990, respectively. Following the signature of the Mayor on December 27, 1990, this legislation was assigned Act No. 8-327, published in the January 11, 1991, edition of the D.C. Register, (Vol. 38 page 360) and transmitted to Congress on January 15, 1991 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 8-244, effective March 8, 1991.

  
JOHN A. WILSON  
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

January 15,16,17,18,22,23,24,25,28,29,30,31

February 1,4,5,6,7,19,20,21,22,25,26,27,28

March 1,4,5,6,7

AN ACT

D.C. ACT 8-327

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

DEC. 27, 1990

To provide for adjustments in Medicare Supplemental Insurance to assure an orderly conversion of Medicare Supplement Insurance benefits and premiums in conformity with 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 Catastrophic Coverage Repeal Minimum Guidelines Act of 1990".

Sec. 2. Definitions.

Section  
35-2201

For the purposes of this act, the term:

(1) "Applicant" means:

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

(B) In the case of a group Medicare supplement policy or subscriber contract, the proposed certificate holder.

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

(3) "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" includes Group Hospitalization and Medical Services, Incorporated.

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

(5) "Medicare supplement policy" means a group or individual policy of accident and 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 1 or more employers, 1 or more labor organizations, 1 or more trustees of a fund established by 1 or more employers, 1 or more labor organizations, 1 or more trustees or any combination of employer, labor organization, or trustee of a policy or contract for members or former members of a labor organization;

(B) A policy or contract of a professional, trade, or occupational association for a current, former, or retired member 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 a provision that is inconsistent with this act.

Sec. 3. Applicability and scope.

Section  
35-2202

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

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

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

(b) This act shall not be construed 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 or former employees or a combination thereof, or for members or former members, or a combination thereof, of a labor organization.

Sec. 4. Standards for policy provisions.

Section  
35-2203

(a) No Medicare supplement insurance policy, contract, or certificate issued to an individual 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 establish, by rule, minimum standards for Medicare supplement policies, certificates, claims, marketing practices, compensation arrangement, reporting practice, and penalties. The standards shall be in addition to and in accordance with applicable laws of the District. The standards may include, but 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, or reductions;
- (6) Elimination periods;
- (7) Requirements for replacement;
- (8) Recurrent conditions; or
- (9) Definitions of terms.

(c) If the Mayor finds that a policy provision not specifically authorized by statute 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, the Mayor may prohibit, by rule, the use of the policy provision.

(d) Notwithstanding any other law of the District, a Medicare supplement policy may not deny a claim for expenses incurred more than 6 months from the effective date of coverage for 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 6 months before the effective date of coverage.

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

Section  
35-2204

(a) Except as provided in subsection (b) of this section, any 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 act.

(b) An insurer shall not 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.

Section  
35-2205

(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:

(1) 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

(2) Earned premiums that are in accordance with accepted actuarial principles and practices.

(b) As provided by rule, any 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 act.

Sec. 7. Disclosure standards; outline of coverage.

Section  
35-2206

(a) A Medicare supplement policy or certificate shall not 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, or 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 the contractual provisions that govern the policy.

(c) The Mayor may prescribe, by rule, a standard form and the contents of a brochure for issuance to any person eligible for Medicare by reason of age to assist the

proposed insured person 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 person 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)(1) The Mayor may require, by rule, that any accident or health insurance policy offered for sale to a person eligible for Medicare by reason of age includes a notice regarding whether the policy includes Medicare supplement coverage.

(2) The Mayor may establish, by rule, a caption or notice.

(3) The Mayor may not require the notice set forth in this subsection for:

- (A) A Medicare supplement policy;
- (B) A disability income policy;
- (C) A basic catastrophic or major medical expense policy; or
- (D) 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.

Section  
35-2207

(a) A Medicare supplement policy or certificate shall have printed prominently on the 1st page of the policy or certificate or as an attachment to the policy or certificate notice that the applicant has the right:

(1) To return the policy or certificate within 30 days of delivery; and

(2) To have the premium refunded if, after examination of the policy or certificate, the applicant is not satisfied for any reason.

(b) Any refund made pursuant to this section shall be paid directly to the applicant by the insurer in a timely manner.

Sec. 9. Filing requirements for advertising.

Section  
35-2208

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

(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.

Sec. 10. Remedies.

Section  
35-2209

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.

Sec. 11. Rules.

Section  
35-2210

(a) The Mayor shall issue proposed rules to implement the provisions of this act within 180 days of the effective date of this act. The proposed rules shall be submitted to the Council for a 45-day period of review, excluding Saturdays, Sundays, legal holidays, and days of Council recess. If the Council does not approve or disapprove the proposed rules, in whole or in part, by resolution within this 45-day period, the proposed rules shall be deemed approved. Nothing in this section shall affect any requirements imposed upon the Mayor by title 1 of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Code, sec. 1-1501 et seq.).

(b) The Mayor may issue emergency rules without prior Council approval, which shall be effective for not more than 120 days.

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.


Note,  
section  
35-2201

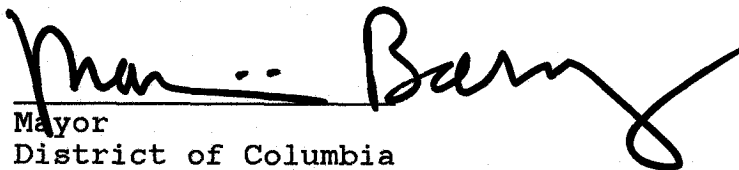
Sec. 13. Effective date.

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.

  
\_\_\_\_\_  
Chairman  
Council of the District of Columbia

  
\_\_\_\_\_  
Mayor  
District of Columbia

APPROVED: December 27, 1990



**COUNCIL OF THE DISTRICT OF COLUMBIA**  
**Council Period Eight**

**RECORD OF OFFICIAL COUNCIL VOTE**

DOCKET NO: B8-241

Item on Consent Calendar

ACTION & DATE: Adopted First Reading, 12-04-90

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

Russell G. Smith  
 Secretary to the Council

21 December 1990  
 Date

Item on Consent Calendar

ACTION & DATE: Adopted Final Reading, 12-18-90

VOICE VOTE: Approved

Recorded vote on request

Absent: Wilson

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

Russell G. Smith  
 Secretary to the Council

21 December 1990  
 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