

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 3RD JUDICIAL CIRCUIT
COUNTY OF WAYNE

CATHERINE LILLER, on behalf of herself
and all members of the class as described in this complaint,

Plaintiffs,

Case No. 12-_____

v

HON. _____ 12-014475-CZ

BLUE CROSS BLUE SHIELD OF MICHIGAN,
A Michigan nonprofit healthcare corporation,

FILED IN MY OFFICE
WAYNE COUNTY CLERK
JURY TRIAL DEMAND NO. 12-014475-CZ
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CATHY M. GARRETT

Defendant.

_____ /

**CLASS ACTION COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF AND
DEMAND FOR A TRIAL BY JURY**

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INTRODUCTION

Plaintiff Catherine Liller, on behalf of herself and all other similarly situated persons comprising a class as outlined in this complaint, by her attorneys, Michael A. Cox and Dan V. Artaev of the Mike Cox Law Firm, PLLC, brings this class action against Blue Cross Blue Shield of Michigan, Incorporated, a Michigan nonprofit healthcare corporation (“Blue Cross”), to vindicate guaranteed rights under Michigan and Federal law to purchase any Medicare supplemental insurance plan (also known as “Medigap insurance”) that Blue Cross offers for sale. Federal and State laws guarantee an unequivocal right for persons to buy any Medigap insurance plan during either: (1) “open enrollment”; or, (2) “guaranteed issue” periods. Although Plaintiff Liller meets all criteria to take advantage of her “open enrollment” period, Blue Cross has denied her the right to purchase the Legacy C Medigap Plan that it offers for sale to others. Being denied the Legacy C option, Plaintiff Liller’s only other choices are to purchase a plan with less benefits, purchase a more expensive plan, or to assume the significant risk of health expenses without Medigap insurance coverage, all of which result in concrete and tangible injury.

As a matter of policy, Blue Cross denies persons like Plaintiff Liller their right to purchase any Legacy Medigap Plan because they earned and, consequently, receive a subsidy or reimbursement from their former employer for their health care. In effect, Blue Cross engages in price discrimination or “means testing,” pushing persons who receive even minimal health care benefits from their employer

towards more expensive plans with higher profit margins. In Plaintiff Liller's case, she receives a reimbursement of up to \$150 per month (or \$1,800 annually) from Ford Motor Company as part of her retirement package. This discriminatory policy misrepresents to all individuals, including Plaintiff Liller, who meet the "open enrollment" or "guaranteed issue" criteria, the existence of federal and state rights to purchase any Medigap policy that Blue Cross sells. MCL 550.1402(1)(a) expressly prohibits Blue Cross from misrepresenting pertinent facts or certificate provisions relating to coverage. Blue Cross's discrimination against Plaintiff Liller and all other persons who receive health care benefits or reimbursements from their current or former employers also directly violates MCL 500.3829, MCL 500.3830, the NAIC Model Standards, and the Medigap certification provisions of the Social Security Act, 42 USC § 1395ss.

BACKGROUND AND NATURE OF THE ACTION

1. Blue Cross is by far the largest provider of commercial health insurance in Michigan and has been for many years. Blue Cross was created under the Michigan Nonprofit Healthcare Corporation Reform Act, MCL 550.1101 *et seq.*, and is subject to its provisions.

2. Blue Cross is an "Authorized Medicare Supplement Company" because it chooses to offer Medicare Supplemental Insurance Coverage ("Medigap") and is therefore subject to strict State and Federal laws and regulations that standardize Medigap insurance. See 42 USC § 1395ss; MCL 500.3801 *et seq.* Section 3804 of the Michigan Insurance Code expressly states that Chapter 38 Medigap regulations

apply to “a health care corporation operating pursuant to the nonprofit health care corporation reform act.”

3. Medicare provides eligible individuals with significant benefits, but equally significant gaps remain for medical care expenses. Even those individuals who enroll in optional Medicare Part B coverage are subject to substantial co-payments and deductibles. Medicare does not cover services or standard medical products such as doctor charges over the amount Medicare defines as reasonable, hospital stays over 150 days, and most long-term care services.

4. Not long after Medicare was enacted, private insurance companies stepped in to meet market demand for insurance that protects against those risks that Medicare does not cover. These policies were initially regulated under the various states’ insurance laws, but congressional hearings in the late 1970s exposed numerous abuses and fraudulent practices perpetrated by insurance companies against vulnerable senior citizens. As a result, in 1980, Congress passed the Baucus Amendments, Pub L No 96-265, § 507, setting forth minimum requirements necessary for federal certification of Medigap insurance policies. Today all insurance sold as Medicare supplemental insurance, or “Medigap insurance,” policies must meet federal criteria and be certified as meeting the federal criteria. 42 USC § 1395ss(a)(2)(A). Issuing a purported Medicare supplemental insurance policy or Medigap insurance that does not comply with federal certification standards is subject to a civil fine of up to \$25,000.00 per violation. 42 USC § 1395ss(a)(2).

5. The 1990 Omnibus Budget Reconciliation Act amended the Social Security Act, 42 USC § 1301 *et seq*, to among other things, standardize Medigap insurance policies throughout the United States and provide additional guarantees to seniors looking to purchase the supplemental insurance. Notably, the amendment established a 6 month “open enrollment” period that guaranteed persons turning 65 and enrolling in Medicare A and B the absolute right to purchase any Medigap policy within 6 months of enrollment in Part B. Also, the amendment standardized policy benefit packages to promote consistency and uniformity, making it easier for seniors to compare plans—to “comparison shop.” 42 USC §1395ss(o). While plans may have different prices depending on the provider and the state, federal law requires that a plan designated with the same letter provide the same level of coverage whether the plan is offered in Michigan, Montana, or Mississippi. 42 USC § 1395ss(p)(4)(A)(i). For example, if Blue Cross offers a Medigap Plan F, that plan must have the exact same level of coverage and benefits as a Plan F that another insurance company offers.

6. Further, federal law requires that all insurers who choose to offer Medigap insurance policies to minimally offer the Medigap Plan A, which consists of bare-bones core benefits. 42 USC §1395ss(o)(2). If the insurer chooses to sell any other plans in addition to Plan A, that insurer must also offer Plan C or F policies. 42 USC §1395ss(o)(5).

7. Federal law requires states enact uniform Medigap insurance standards *equal to or more stringent than* the National Association of Insurance

Commissioners (NAIC) promulgated Model Regulation, as amended, for an insurance policy to be considered federally certified. 42 USC § 1395ss(a)(2)(A); § 1395ss(k). Policies that are not federally certified or issued in conformance with state regulations that are equal to or more stringent than the most current NAIC Model Regulations, are prohibited to be sold as Medicare supplemental insurance or Medigap. 42 USC § 1395ss(a)(2).

8. The NAIC Model Regulations clearly guarantee qualified individuals the right to purchase any Medigap insurance policy without hindrance or price discrimination. Section 11(A) of the 2008 NAIC Model Regulation (attached as **Exhibit A** and available at <http://www.cms.gov/Medicare/Health-Plans/Medigap/Downloads/ModelMedigapRegulation2008.pdf>) sets an “open enrollment” period during which an issuer

[S]hall not deny or condition the issuance or effectiveness of any Medicare supplement policy or certificate available for sale in this state, nor discriminate in the pricing of a policy or certificate because of the health status, claims experience, receipt of health care, or medical condition of an applicant in the case of an application for a policy or certificate that is submitted prior to or during the six (6) month period beginning with the first day of the first month in which an individual is both 65 years of age or older and is enrolled for benefits under Medicare Part B. Each Medicare supplement policy and certificate currently available from an insurer shall be made available to all applicants who qualify under this subsection without regard to age. (Emphasis added).

9. Section 12 of the NAIC Model Regulation also sets forth guaranteed issue rights for “eligible individuals.” “Eligible individuals” are defined in Section 12(B) and

[A]n issuer shall not deny or condition the issuance or effectiveness of a Medicare supplement policy described in Subsection E that is offered and is available for issuance to new enrollees by the issuer, shall not discriminate in the pricing of such a Medicare supplement policy because of health status, claims experience, receipt of health care, or medical condition, and shall not impose an exclusion of benefits based on a preexisting condition under such a Medicare supplement policy.

10. Michigan has adopted the NAIC standards in Chapter 38 of the Insurance Code, MCL 500.3801 *et seq.* As required by the federal mandate that states adopt regulations for Medigap insurance *at least as strict* as the NAIC guidelines, 42 USC § 1395ss(a)(2)(A), Michigan statutes likewise guarantee the right to purchase *any* Medigap insurance policy sold in the state to individuals who meet the “open enrollment” and/or “guaranteed issue” criteria.

11. Specifically, MCL 500.3829(1), parallel to Section 11(A) of the NAIC Model Regulations, guarantees individuals in the “open enrollment” period the right to purchase any Medigap insurance policy and provides that:

An insurer shall not deny or condition the issuance or effectiveness of a medicare supplement policy available for sale in this state, or discriminate in the pricing of such a policy, because of the health status, claims experience, receipt of health care, or medical condition of an applicant if an application for the policy is submitted during the 6-month period beginning with the first month in which an individual who is 65 years of age or older first enrolled for benefits under medicare part B. Each medicare supplement policy currently available from an insurer shall be made available to all applicants who qualify under this section without regard to age. (Emphasis added).

12. MCL 500.3830(1) parallels Section 12 of the NAIC Model Regulation, and similarly guarantees “eligible individuals,” defined in MCL 500.3830(2), the

right to purchase any Medigap insurance policy being sold in the state, and provides that:

For an eligible person, *an insurer shall not deny or condition the issuance or effectiveness of a medicare supplement policy described in subsections (5), (6), and (7) that is offered and is available for issuance to new enrollees by the insurer*, shall not discriminate in the pricing of the medicare supplement policy because of health status, claims experience, receipt of health care, or medical condition, and shall not impose an exclusion of benefits based on a preexisting condition under the medicare supplement policy. (Emphasis added).

13. Taken together, the NAIC Model Regulations, and Michigan statutes provide for guaranteed rights to purchase *any* Medigap insurance policy offered for sale within the State of Michigan when an individual either:

- a. Is in the 6-month “open enrollment” period beginning with the first month in which an individual who is 65 years of age or older first enrolled for benefits under Medicare Part B; or
- b. Is an “eligible individual” with “guaranteed issue” rights because of certain enumerated circumstances that caused the individual to lose his or her health insurance coverage commensurate to Medigap insurance.

14. In turn, federal law imposes these same requirements on any insurance policy that is sold as “Medicare supplemental insurance” or “Medigap” because the NAIC Model Regulations set out the minimum standards for such insurance policies. 42 USC § 1395ss(a)(2).

15. Blue Cross is a “health care corporation operating pursuant to the nonprofit health care corporation reform act” and is subject to the Medigap policy requirements of Chapter 38 of the Michigan Insurance Code. MCL 500.3804.

16. The Nonprofit Healthcare Corporation Reform Act states the legislative intent that Blue Cross is created “to promote an appropriate distribution of health care services for all residents of this state, to promote the progress of the science and art of health care in this state, and to assure for nongroup and group subscribers, reasonable access to, and reasonable cost and quality of, health care services, in recognition that the health care financing system is an essential part of the general health, safety, and welfare of the people of this state.” MCL 550.1102.

17. Further, Blue Cross is “declared to be a charitable and benevolent institution and its funds and property shall be exempt from taxation by this state or any political subdivision of this state.” *Id.*

18. Under the Blue Cross enabling legislation, it is the “intent of the legislature to promote uniformity of rates among subscribers to the greatest extent practicable.” MCL 550.1611.

19. Blue Cross shall not “[m]isrepresent pertinent facts or certificate provisions relating to coverage.” MCL 550.1402(1)(a). By selling insurance policies titled “Medigap” or “medicare supplemental insurance” but denying the Legacy category of plans to “open enrollment” and “guaranteed issue” eligible individuals, Blue Cross is misrepresenting pertinent facts to those individuals regarding their rights under federal and state law.

20. The Medigap provision of the Social Security Act, 42 USC § 1395ss, the NAIC Model Regulations, and Chapter 38 of the Michigan Insurance Code, MCL 500.3801 *et seq*, grant valuable rights to individuals like Plaintiff Liller and all others who meet the “open enrollment” and “guaranteed issue” criteria to purchase any available policy. Blue Cross’s policy restricting the Legacy A and C plans based on the receipt of healthcare benefits from employers deprives these individuals of their statutorily guaranteed rights to receive health care benefits under a nongroup or group certificate.

21. Blue Cross does not have express authority under either the Social Security Act, 42 USC §1395ss *et seq*, the Michigan Insurance Code, MCL 500.3801 *et seq*, or its enabling legislation, MCL 550.1101 *et seq*, to establish underwriting criteria for Medigap coverage.

22. Nothing in the law permits Blue Cross, as an authorized entity that offers Medigap insurance subject to federal and state laws and regulations, to deny the right to purchase any Medigap policy that it sells to persons who meet either the “open enrollment” criteria or the “guaranteed issue” criteria based on that individual’s receipt of health care benefits from a current or former employee. Neither may Blue Cross engage in price discrimination against such persons. Conditioning availability of certain plans—or engaging in price discrimination—on receipt of group health care benefits is impermissible means testing and a violation of federal and state laws.

JURISDICTION

23. Plaintiffs incorporate by reference all preceding paragraphs of this Complaint, as if fully restated herein.

24. Jurisdiction is proper in this Court because Plaintiff Liller seeks class certification and class actions “may be maintained in the circuit court, and only in the circuit court, without regard to the amount in controversy.” *Dix v Am Bankers Life Assur Co of Florida*, 429 Mich 410, 420; 415 NW2d 206, 210 (1987).

25. Venue is proper under MCL 600.1621(a) in Wayne County because Blue Cross does business throughout Michigan and maintains their administrative and corporate offices in Wayne County.

PARTIES

26. Plaintiffs incorporate by reference all preceding paragraphs of this Complaint, as if fully restated herein.

27. Catherine Liller is an individual residing in the City of Dearborn, and is a citizen of Michigan. Plaintiff Liller retired from her employment with Ford Motor Company on March 1, 2007. She turned 65 years old in September 2012.

28. Blue Cross Blue Shield of Michigan, Inc., is a Michigan non-profit corporation formed under Michigan Public Act 350 of 1980, MCL 550.1101 *et seq*, as amended, with administrative offices in Southfield, Michigan, and its principal corporate offices in Detroit, Michigan.

CLASS ALLEGATIONS

29. Plaintiffs incorporate by reference all preceding paragraphs of this Complaint, as if fully restated herein.

30. Catherine Liller brings this lawsuit on her own behalf and on behalf of all others similarly situated under the provisions of MCR 3.501.

31. The Class that Plaintiff Liller represents, and of which she is a member, consists of all similarly situated individuals who share the following characteristics:

- a. They are members of an employer group healthcare plan as a retiree where an employer group makes a financial contribution toward the member's health care coverage, including through a Health Reimbursement Account (HRA) or a Health Savings Account (HSA) or any other similar plan or any other similar device.
- b. They are 65 or older and have, are going to, or are eligible to enroll in Medicare Part B, triggering their "open enrollment" rights under MCL 500.3829; or they meet one of the criteria in MCL 500.3830 to be considered an "eligible person" having "guaranteed issue" rights.
- c. They have purchased a Medigap insurance policy that is not Blue Cross's Legacy Plan A or C; or would have purchased a Legacy A or C policy; or would like to purchase such a policy but for Blue Cross's discriminatory policy.

32. The exact number of class members is not known at this time, but given the significant number of Ford and Chrysler retirees or employees who are over 65 and receive group health care benefits from their employer, and thus are ineligible for Blue Cross's Legacy A and C plans, the Class is likely to number in the thousands. According to published reports in the Detroit Free Press, as many as 22,000 Ford Motor Company retirees and 17,600 Chrysler LLC (and its predecessor corporation) retirees may be impacted by this discriminatory policy. "*Ford Retirees Must Choose Health Plans*", Patricia Anstett, Detroit Free Press, November 15, 2007; "*Chrysler's health care linked to pay: Program to start with management*", Kim Norris, Detroit Free Press, November 15, 2007.

33. The numerosity of this Class makes joinder impracticable. MCR 3.501(A)(1)(a).

34. Plaintiff Liller, and all Class members described in paragraph 31, have suffered concrete and direct financial injury as a result of Blue Cross's misrepresentation of their federal and state rights, and Blue Cross's discrimination against health care beneficiaries of employer-sponsored group plans that is contrary to federal and state law.

35. There are common questions of law and fact involved in this matter that similarly affect the rights of all members of the proposed Class. The relief sought is likewise common to the entire class: Plaintiff Liller, on behalf of the proposed Class seeks (1) a declaration that Blue Cross's discriminatory policy is misleading and violates federal and state law; (2) a permanent injunction

precluding Blue Cross from implementing its policy and requiring it to make the Legacy A and C plans available to Class members for 18 months; and (3) damages to compensate the Class members for having to either pay increased premiums for non-Legacy plans, or assuming the risk of financial ruin by forgoing Medigap insurance altogether.

36. Plaintiff Liller's claims are typical of the class, in that she was injured by Blue Cross's policy and its misrepresentation of her federal and state rights to purchase *any* Medigap policy while she is in her "open enrollment" period.

37. Plaintiff Liller is an individual entitled to receive health care benefits under a nongroup or group certificate by virtue of state and federal law guarantees, as she meets the "open enrollment" criteria. As the representative of the Class she will adequately and fairly represent the interests of its members throughout this matter. Mr. Cox, as Ms. Liller's lead attorney is competent to represent the class. He has over 20 years of legal and litigation experience, including oversight of very complex regulatory and class action matters during his 8 years as Michigan's Attorney General, and experience as lead counsel in private practice class actions as well. Class members do not have conflicting interests in this matter, and are not antagonistic to each other.

38. The class action presents a superior method of adjudication because it is the classic "negative value" suit—while Blue Cross is violating important rights, the likely individual recovery amounts are not so substantial as to justify the time and expense of an individual lawsuit. And "[t]he most compelling rationale for

finding superiority in a class action [is] the existence of a negative value suit. *Castano v Am Tobacco Co*, 84 F3d 734, 748 (5th Cir 1996). Neither would a class action be unmanageable, as the common issues predominate over any individualized inquiry.

39. In sum, this action is properly maintained as a class action because:

- a. The class members potentially number in the thousands and thus is so numerous that joinder of all members is impracticable;
- b. Common questions of law and fact in this matter predominate over any question affecting only individual class members;
- c. The claims and defenses of Plaintiff Liller are typical of the claims and defenses of the Class;
- d. Individual actions are also financially impracticable because individuals' damages are not likely to be great enough to justify litigation; but because important rights are at stake, the public interest favors amassing the interests and vindicating state and federal rights through a class action;
- e. Plaintiff Liller will fairly and adequately assert and protect the interests of the Class, her attorneys are more than adequately qualified to represent the class, and there is no apparent conflict among the class members;
- f. A class action is the superior method of adjudicating the controversy.

GENERAL ALLEGATIONS

40. Plaintiffs incorporate by reference all preceding paragraphs of this Complaint, as if fully restated herein.

41. Blue Cross offers for sale standardized Medigap insurance policies that are subject to federal and state laws and regulations that govern such policies. 42 USC § 1395ss(A)(2); MCL 500.3829; 3830.

42. Specifically, as a condition of selling insurance titled Medigap or Medicare supplemental insurance, Blue Cross is required to abide by state statutory provisions that guarantee the right to purchase *any* of Blue Cross's Medigap policies to individuals meeting the "open enrollment" and/or "guaranteed issue" provision criteria.

43. As of September 2012, Blue Cross offers Legacy Plans A and C, as well as MyBlue Medigap Plans A, F, M, and N. According to quotes obtained from the Blue Cross website, <http://www.bcbsmi.com>, on October 29, 2012, the monthly premiums (attached as **Exhibit B**) for a 65 year old non-smoker female living in Wayne County were as follows:

- Legacy Plan A \$39.88
- Legacy Plan C \$121.22
- MyBlue Medigap Plan A \$119.31
- MyBlue Medigap Plan F \$172.89
- MyBlue Medigap Plan M \$146.81
- MyBlue Medigap Plan N \$137.51

44. Catherine Liller is a retired former employee of Ford Motor Company. She retired on March 1, 2007. As part of the early retirement incentive that she had earned, Ford agreed to cover her through a Blue Cross group plan until she reached 65 years of age, and after that reimburse up to \$150 of her health care expenses monthly, or \$1800 annually.

45. Plaintiff Liller meets the criteria to be considered within the “open enrollment” period under MCL 500.3829. Specifically, she turned 65 years of age in September 2012, has enrolled in Medicare Part B, and is therefore in the 6 month period starting on September 1, 2012—the first month that she enrolled in Medicare Part B.

46. Under MCL 500.3829 and NAIC Model Regulation Part 11(A), Plaintiff Liller is entitled to purchase *any* Medigap policy that Blue Cross makes available for sale in the State of Michigan during her “open enrollment” period. Blue Cross may neither deny nor condition the issuance or effectiveness of such a policy. Neither can Blue Cross discriminate in the pricing of such a policy because of the health status, claims experience, receipt of health care, or medical condition of Plaintiff Liller.

47. In July of 2012, Plaintiff Liller contacted Blue Cross to inquire as to available Medigap insurance policies in advance of her 65th birthday and impending eligibility for Medicare benefits. Specifically, Plaintiff Liller was interested in obtaining the Medigap Legacy C plan offered by Blue Cross because Legacy C offers

the level of coverage that would adequately protect Plaintiff Liller from healthcare risks in exchange for a premium that was within Plaintiff Liller's budget.

48. However, Blue Cross representatives expressly asked Plaintiff Liller whether she whether she received retiree health care benefits in the form of an HSA or HRA. When Ms. Liller replied that she does, the representative told her "you know that you're not eligible" for the Legacy plans.

49. When Ms. Liller called Blue Cross again on a different day without giving her name and requested an application for Legacy C, Blue Cross sent her the "Outline of Medigap insurance coverage and enrollment application for 2012 Plan A and Plan C," which makes the discriminatory and illegal policy explicit. This publication is also available at <http://www.bcbsm.com/pdf/medicare/2012/MedigapBrochure.pdf> and is attached as Exhibit C. According to this publication, Plaintiff Liller is also prohibited from purchasing Legacy Plan A because she receives health care benefits from Ford.

50. Plaintiff Liller was not permitted to purchase the Legacy C plan even though that policy was and is available for sale to other individuals, she meets the criteria for "open enrollment" under MCL 500.3829, and she is statutorily guaranteed a right to purchase any policy that Blue Cross sells.

51. Blue Cross's policy is an example of impermissible price discrimination and "means testing." Blue Cross perceives individuals, like Plaintiff Liller, who earned health care benefits or reimbursement from a current or former employer as those who have greater financial resources and therefore are able to afford a more

expensive plan. By denying Legacy C to individuals like Plaintiff Liller, Blue Cross seeks to force them to purchase more expensive plans from Blue Cross (with higher profit margins for Blue Cross); purchase a more expensive plan from another insurer; or assume the significant risk of financial ruin due to incurring health care expenses not covered by Medicare.

52. Even if Blue Cross’s “means testing” policy was not contrary to law, it is nonsensical, arbitrary, and capricious. Ostensibly, Blue Cross deems retirees who receive health care benefits from Ford and Chrysler as being better off financially, and thus shifts them towards the more expensive plans. But other than the “receipt of health care benefits” criteria, there is no barrier to participation in the Legacy plans. Blue Cross does not inquire as to the applicant’s income level, savings, or any other information that may be relevant to determining the applicant’s financial status. In practical terms, under Blue Cross’s policy, a tremendously wealthy individual like Warren Buffet could purchase a Legacy C plan so long as he was not receiving HSA or HRA health care benefits from his employer, but an ordinary individual of modest means like Catherine Liller is barred from purchasing a Legacy C plan that provides her adequate coverage at a premium she can afford.

53. Nor does Blue Cross’s “means testing policy” have anything to do with risk. Known risk factors have no impact on eligibility—for example, a smoker may still purchase a subsidized Legacy Medigap plan. Yet the receipt of earned

healthcare benefits from Ford or Chrysler—which has nothing to do with a person’s health risk—is enough to disqualify an applicant from the Legacy plan.

54. Plans designated “A” provide the most basic (core) coverage, plans designated “B” provide the core coverage plus additional benefits, plans designated “C” provide the core benefits, “B” benefits, and additional benefits, and the benefits continue to stack up in this manner until plan “L.” MCL 500.3811. A 2010 revision of federal law added new plans, including “M” and “N.” The Plan M package is less costly than plans with comparable benefits, but covers only 50% of the Medicare Part A deductible. MCL 500.3811a(i). Plan N is also less costly than plans with comparable benefits, but imposes certain co-pays. MCL 500.3811a(j).

55. In other words, Blue Cross’s Legacy Plan A provides the same level of coverage for \$39.88 per month as their MyBlue Medigap Plan A for \$119.31 per month. Legacy C provides significantly greater coverage than an “A” plan, yet costs only \$121.22 per month. Persons like Plaintiff Liller who seek to purchase Medigap coverage beyond the bare-bones minimum that an “A” plan provides are forced into purchasing MyBlue Medigap Plan F, which costs significantly more than Legacy Plan C. Plans “M” and “N” are less costly than Plan F, but still more costly than Legacy C, while exposing the enrollee to only partial deductible coverage and additional co-pay expenses respectively.

56. Enrolling in MyBlue Medigap Plan F costs \$51.67 more per month than Legacy C, and \$620.04 more per year for persons like Plaintiff Liller.

57. Blue Cross's policy thus is not only misrepresentative of and contrary to state and federal law: It directly causes actual and prospective financial injury to Catherine Liller and all similarly situated individuals by either (1) forcing them to accept significantly less benefits by enrolling in a less expensive Plan A; or (2) forcing them to pay a significantly higher monthly premium by enrolling in Plan F or another insurer's plan; or (3) forcing them to bear the risk of a deductible or copays and a higher premium by enrolling in Plans M or N; or (4) forcing them to forgo a Medigap insurance policy that is guaranteed by state and federal law to all persons meeting the "open enrollment" and "guaranteed issue criteria," thereby assuming the risk of significant and potentially ruinous out of pocket expenses for health care.

COUNT I
REQUEST FOR DECLARATORY RELIEF

58. Plaintiffs incorporate by reference all preceding paragraphs of this Complaint, as if fully restated herein.

59. Defendant Blue Cross Blue Shield of Michigan sells Medicare Supplemental Insurance policies, also known as Medigap insurance. Such policies are issued under MCL 500.3801 *et seq*, modeled after the National Association of Insurance Commissioners' Model Regulations.

60. Federal law requires any "medicare supplemental policy" to be issued under state guidelines that are equally stringent as or more stringent than the NAIC model regulations. Medicare supplemental or Medigap policies that do not conform to these standards are prohibited. 42 USC § 1395ss(A)(2).

61. The Michigan Legislature adopted the NAIC model guidelines required by federal law and mandates that individuals who meet the “open enrollment” or “guaranteed issue” criteria may not be denied the right to purchase any Medigap plan for sale in the state. MCL 500.3829; 3830.

62. Blue Cross is a “health care corporation operating pursuant to the nonprofit health care corporation reform act” and is subject to MCL 500.3801 *et seq*, including the “open enrollment” and “guaranteed issue” provisions of MCL 500.3829 and MCL 500.3830. MCL 500.3004.

63. Blue Cross offers Legacy A and Legacy C Medigap insurance plans, but impermissibly denies those plans to individuals who are eligible for coverage if an employer group makes a financial contribution toward health care coverage, including through a Health Reimbursement Account (HRA) or a Health Savings Account (HSA) or any similar plan or any other similar device.

64. Blue Cross denies Legacy A and C plans to individuals receiving a financial contribution towards their health care from an employer even when those individuals are 65 and within the first 6 months of having obtained Medicare B coverage—individuals who may purchase any policy for sale in the state by virtue of the state and federal “open enrollment” mandate.

65. Plaintiff Liller is 65 and is enrolled in Medicare Part B. Her “open enrollment” period during which she is guaranteed the right to purchase any Medigap insurance policy began on September 1, 2012 and runs for the next six months. Blue Cross denied Plaintiff Liller her right to purchase its Legacy Medigap

C Plan because she is reimbursed for \$150 per month or \$1800 annually for health care expenses as part of her retirement benefit from Ford Motor Company.

66. Blue Cross's blanket denial policy toward Plaintiff Liller and all other similarly situated individuals meeting the "open enrollment" criteria violates MCL 500.3829 because it denies "the issuance or effectiveness of a medicare [sic] supplement policy available for sale in this state...if an application for the policy is submitted during the 6-month period beginning with the first month in which an individual who is 65 years of age or older first enrolled for benefits under medicare [sic] part B." MCL 500.3829.

67. Blue Cross's policy also violates MCL 500.3830 with respect to all individuals who are eligible for coverage through an employer group plan as a retiree or if an employer group makes a financial contribution toward health care coverage, including through a Health Reimbursement Account (HRA) or a Health Savings Account (HSA) or similar accounts, and who meet the "guaranteed issue" criteria. Blue Cross's policy denies "the issuance or effectiveness of a medicare [sic] supplement policy described in subsections (5), (6), and (7) that is offered and is available for issuance to new enrollees by the insurer." MCL 500.3830.

68. Blue Cross's enabling legislation expressly prohibits "[m]isrepresent[ing] pertinent facts or certificate provisions relating to coverage." MCL 550.1402(1)(a).

69. Blue Cross's policy of selling insurance policies styled as "Medigap" or "Medicare supplemental insurance" but denying access to its Legacy plans to

individuals based on their receipt of health care benefits from their employer misrepresents pertinent facts or certificate provisions relating to coverage. This practice violates MCL 550.1402(1)(a) because Blue Cross's policy misleads individuals like Plaintiff Liller, who meet the "open enrollment" or "guaranteed issue" criteria, and creates the impression that they do not have an unequivocal statutory right to purchase *any* Blue Cross Medigap policy, including one of the Legacy Plans.

70. As the allegations above demonstrate, there is an actual controversy between the class represented by Plaintiff Liller, and Blue Cross. MCR 2.605(A) thus permits this Court to declare the rights and other legal relations of the class represented by Plaintiff Liller under MCL 550.1101 *et seq*, MCL 500.3801 *et seq*, and the Federal Social Security Act 42 USC § 1395ss.

71. Plaintiff Liller, on behalf of the Class, requests this Court to declare that Blue Cross's policy violates Michigan law, specifically MCL 500.3829, because it denies persons in their "open enrollment" period the right to purchase either the Legacy A or Legacy C plans.

72. Plaintiff Liller, on behalf of the Class, requests this Court to declare that Blue Cross's policy violates Michigan law, specifically MCL 500.3830, because it denies persons in their "guaranteed issue" period the right to purchase either the Legacy A or Legacy C plans.

73. Plaintiff Liller, on behalf of the Class, further requests this Court to declare that Blue Cross's policy misrepresents pertinent facts or certificate provisions relating to coverage and this policy thus violates MCL 550.1402(1)(a).

74. Plaintiff Liller, on behalf of the Class, also requests this Court to declare that Blue Cross's sale of Legacy A and Legacy C to only those persons who do not receive employer sponsored health care or reimbursement benefits violates 42 USC § 1395ss(a)(2) because Blue Cross issues Medicare supplemental policies in Michigan that do not meet the State regulatory and NAIC standards required of all certified policy offerings.

75. As a result of this misrepresentation in violation of its enabling legislation and federal and state laws, Plaintiff Liller, on behalf of the Class, also respectfully requests the Blue Cross's actions be declared contrary to its legislatively declared role as "a charitable and benevolent institution," MCL 550.1102. Plaintiff Liller, on behalf of the Class, also asks this Court declare Blue Cross's policy contrary to the intent of the Legislature "to promote uniformity of rates among subscribers to the greatest extent practicable." MCL 550.1611.

76. Finally, Plaintiff Liller, on behalf of the Class, respectfully requests this Court order a speedy hearing of this action under MCR 2.605(D) because this discriminatory and illegal policy detrimentally and particularly impacts this Class of plaintiffs, many of whom live on fixed incomes.

COUNT II
REQUEST FOR INJUNCTIVE RELIEF

77. Plaintiffs incorporate by reference all preceding paragraphs of this Complaint, as if fully restated herein.

78. Blue Cross's policy denies certain persons the right to purchase Legacy A and Legacy C Medigap Plans even when those persons meet the "open enrollment" or "guaranteed issue" criteria. This policy violates Michigan state law, MCL 500.3829 and MCL 500.3830, and also federal law, 42 USC § 1395ss(2)(A).

79. Plaintiff Liller, on behalf of the plaintiff Class, requests that in light of its declarations, this Court permanently enjoin Blue Cross from utilizing this discriminatory policy because it violates State and Federal law and make the Legacy A and C policies available to all persons who are guaranteed the right to purchase such policies because they meet the "open enrollment" or "guaranteed issue" criteria.

80. Further, injunctive relief is warranted to enjoin Blue Cross from its persistent tendency to misrepresent state and federal rights to individuals like Plaintiff Liller and the members of the plaintiff Class in violation of MCL 550.1402(1)(a).

81. Plaintiff Liller, on behalf of the Class, further respectfully requests that this Court mandate that Blue Cross grant retroactive purchase rights to all individuals who were denied their legally protected right to purchase the Legacy A or Legacy C insurance policies because of Blue Cross's illegal "means testing" practice. Under this Court's mandate, individuals who met either "open

enrollment” or “guaranteed issue” criteria at any time that Blue Cross’s policy was in effect, and who were wrongfully denied the right to purchase the Legacy A and Legacy C policies, shall be permitted to purchase such a policy for 18 months following the date of this Court’s order.

COUNT III DAMAGES

82. Plaintiffs incorporate by reference all preceding paragraphs of this Complaint, as if fully restated herein.

83. Blue Cross’s application of its discriminatory and illegal policy denied Catherine Liller and all similarly situated persons meeting the “open enrollment” or “guaranteed issue” criteria their guaranteed right to purchase the Legacy A or Legacy C insurance plans.

84. As a result of this statutory violation, Plaintiff Liller, as a representative member of the proposed class, suffered, and continues to suffer, direct and concrete financial harm.

85. Because Blue Cross would not permit her to purchase the Legacy C plan, Plaintiff Liller was required to do one of the following:

- a. Purchase a less expensive (\$2 per month) MyBlue Medigap Plan A, which provides only a small fraction of Legacy C’s level of coverage;
- b. Purchase a more expensive MyBlue Medigap Plan F, which offers comparable levels of coverage to Legacy C, but costs \$51.76 more per month, and results in an annual premium \$620.14 greater than under Legacy C;

- c. Purchase a more expensive MyBlue Medigap Plan M or N, which offer comparable levels of coverage to Legacy C, but cost more and would expose Plaintiff Liller to the risk of higher co-pays and deductibles.
- d. Purchase a more expensive Medigap Plan C from a competitor that is not able to demand lower costs from providers because it does not possess the dominant market position of Blue Cross;
- e. Assume the significant risk of potentially ruinous health care expenses by forgoing Medigap insurance coverage altogether;

86. In sum, as a result of Blue Cross's actions, Plaintiff Liller and other Class members must either pay more for comparable coverage, or assume significant financial risk by purchasing a Plan A policy or forgoing coverage completely.

87. Due to Blue Cross' illegal act, Plaintiff Liller was forced to purchase a more expensive Medigap Plan C from a competitor of Blue Cross that does not enjoy Blue Cross' dominant market position. As a consequence, Catherine Liller will pay hundreds of dollars more per year for Medigap insurance.

88. Blue Cross's actions have deprived Plaintiff Liller and other Class members, who are individuals entitled to receive health care benefits under a nongroup or group certificate, of tangible state and federal rights and have caused actual financial injury.

89. This financial injury is directly related to Blue Cross's misrepresentation of pertinent facts or certificate provisions related to coverage.

90. Plaintiff Liller and Class members she represents, respectfully request this Court to enter damages in an amount adequate to compensate the Class for actual additional costs incurred in obtaining alternative coverage or for prospective risk of having to obtain less comprehensive coverage or forgoing coverage at all, as well as reasonable attorney's fees, as expressly permitted under MCL 550.1402(11).

RELIEF

On behalf of the proposed Plaintiff's class, Catherine Liller, respectfully requests this Court:

- A. Declare Blue Cross's discriminatory policy that precludes employer group health care plan members from purchasing Legacy A or C plans in violation of MCL 500.3829, MCL 500.3830, and 42 USC § 1395ss(a)(2);
- B. Declare Blue Cross's discriminatory policy in violation of MCL 550.1402(1)(a) because it misrepresents the existence of rights guaranteed by state and federal law to "open enrollment" and "guaranteed issue" individuals like Plaintiff Liller and the other members of the Class;
- C. Declare Blue Cross's actions contrary to its legislatively declared role as "a charitable and benevolent institution," MCL 550.1102;

- D. Declare Blue Cross's policy contrary to the intent of the Legislature
"to promote uniformity of rates among subscribers to the greatest
extent practicable." MCL 550.1611;
- E. Enjoin Blue Cross from continuing to violate MCL 550.1402(1)(a),
MCL 500.3829, MCL 500.3830, and 42 USC § 1395ss(a)(2);
- F. Issue an order requiring Blue Cross give the Class Members an 18
month window during which they can purchase any Medigap
insurance plan sold by Blue Cross, including the Legacy A and C
plans;
- G. Award the Class damages adequate to compensate them for
damages sustained when they purchased a more expensive
Medigap insurance policy;
- H. Award damages to those class members who purchased a less
expensive Medigap policy or no policy at all for assuming the risk of
financial ruin by purchasing less comprehensive coverage or
forgoing Medigap insurance altogether;
- I. Award the Class costs and attorney fees incurred in bringing this
action;
- J. Award such other and further relief to the Class as this Court
deems just and equitable.

DEMAND FOR TRIAL BY JURY

Plaintiff Catherine Liller, on behalf of herself and the proposed class members, respectfully requests a trial by jury on all issues so triable.

Respectfully Submitted,

THE MIKE COX LAW FIRM PLLC

/s/ Michael A. Cox (P43039)
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Dated: October 31, 2012

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 3RD JUDICIAL CIRCUIT
COUNTY OF WAYNE

CATHERINE LILLER, on behalf of herself
and all members of the class as described in this complaint,

Plaintiffs,

Case No. 12-_____

v

HON. _____ 12-014475-CZ

BLUE CROSS BLUE SHIELD OF MICHIGAN,
A Michigan nonprofit healthcare corporation,

FILED IN MY OFFICE
WAYNE COUNTY CLERK
10/31/2012 10:22:20 AM
CATHY M. GARRETT

Defendant.

_____/

INDEX OF EXHIBITS

Exhibit	Description
A	Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act
B	Medigap Quotes
C	2012 Legacy Medigap Brochure

**MODEL REGULATION
TO IMPLEMENT THE NAIC MEDICARE SUPPLEMENT
INSURANCE MINIMUM STANDARDS MODEL ACT**

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Section 1. Purpose

The purpose of this regulation is to provide for the reasonable standardization of coverage and simplification of terms and benefits of Medicare supplement policies; to facilitate public understanding and comparison of such policies; to eliminate provisions contained in such policies

which may be misleading or confusing in connection with the purchase of such policies or with the settlement of claims; and to provide for full disclosures in the sale of accident and sickness insurance coverages to persons eligible for Medicare.

Section 2. Authority

This regulation is issued pursuant to the authority vested in the commissioner under [cite appropriate section of state law providing authority for minimum benefit standards regulations or the NAIC Medicare Supplement Insurance Minimum Standards Model Act].

Editor's Note: Wherever the term "commissioner" appears, the title of the chief insurance regulatory official of the state should be inserted.

Section 3. Applicability and Scope

- A. Except as otherwise specifically provided in Sections 7, 13, 14, 17 and 22, this regulation shall apply to:
 - (1) All Medicare supplement policies delivered or issued for delivery in this state on or after the effective date of this regulation; and
 - (2) All certificates issued under group Medicare supplement policies, which certificates have been delivered or issued for delivery in this state.
- B. This regulation shall not apply to a policy or contract of one or more employers or labor organizations, or of the trustees of a fund established by one 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.

Section 4. Definitions

For purposes of this regulation:

- A. "Applicant" means:
 - (1) In the case of an individual Medicare supplement policy, the person who seeks to contract for insurance benefits, and
 - (2) In the case of a group Medicare supplement policy, the proposed certificate holder.
- B. "Bankruptcy" means when a Medicare Advantage organization that is not an issuer has filed, or has had filed against it, a petition for declaration of bankruptcy and has ceased doing business in the state.
- C. "Certificate" means any certificate delivered or issued for delivery in this state under a group Medicare supplement policy.
- D. "Certificate form" means the form on which the certificate is delivered or issued for delivery by the issuer.

- E. “Continuous period of creditable coverage” means the period during which an individual was covered by creditable coverage, if during the period of the coverage the individual had no breaks in coverage greater than sixty-three (63) days.
- F. (1) “Creditable coverage” means, with respect to an individual, coverage of the individual provided under any of the following:
- (a) A group health plan;
 - (b) Health insurance coverage;
 - (c) Part A or Part B of Title XVIII of the Social Security Act (Medicare);
 - (d) Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under section 1928;
 - (e) Chapter 55 of Title 10 United States Code (CHAMPUS);
 - (f) A medical care program of the Indian Health Service or of a tribal organization;
 - (g) A state health benefits risk pool;
 - (h) A health plan offered under chapter 89 of Title 5 United States Code (Federal Employees Health Benefits Program);
 - (i) A public health plan as defined in federal regulation; and
 - (j) A health benefit plan under Section 5(e) of the Peace Corps Act (22 United States Code 2504(e)).
- (2) “Creditable coverage” shall not include one or more, or any combination of, the following:
- (a) Coverage only for accident or disability income insurance, or any combination thereof;
 - (b) Coverage issued as a supplement to liability insurance;
 - (c) Liability insurance, including general liability insurance and automobile liability insurance;
 - (d) Workers’ compensation or similar insurance;
 - (e) Automobile medical payment insurance;
 - (f) Credit-only insurance;
 - (g) Coverage for on-site medical clinics; and
 - (h) Other similar insurance coverage, specified in federal regulations, under which benefits for medical care are secondary or incidental to other insurance benefits.

- (3) “Creditable coverage” shall not include the following benefits if they are provided under a separate policy, certificate or contract of insurance or are otherwise not an integral part of the plan:
 - (a) Limited scope dental or vision benefits;
 - (b) Benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof; and
 - (c) Such other similar, limited benefits as are specified in federal regulations.
- (4) “Creditable coverage” shall not include the following benefits if offered as independent, non-coordinated benefits:
 - (a) Coverage only for a specified disease or illness; and
 - (b) Hospital indemnity or other fixed indemnity insurance.
- (5) “Creditable coverage” shall not include the following if it is offered as a separate policy, certificate or contract of insurance:
 - (a) Medicare supplemental health insurance as defined under section 1882(g)(1) of the Social Security Act;
 - (b) Coverage supplemental to the coverage provided under chapter 55 of title 10, United States Code; and
 - (c) Similar supplemental coverage provided to coverage under a group health plan.

Drafting Note: The Health Insurance Portability and Accountability Act of 1996 (HIPAA) specifically addresses separate, non-coordinated benefits in the group market at PHSA §2721(d)(2) and the individual market at §2791(c)(3). HIPAA also references excepted benefits at PHSA §§2701(c)(1), 2721(d), 2763(b) and 2791(c). In addition, creditable coverage has been addressed in an interim final rule (62 Fed. Reg. at 16960-16962 (April 8, 1997)) issued by the Secretary pursuant to HIPAA, and may be addressed in subsequent regulations.

- G. “Employee welfare benefit plan” means a plan, fund or program of employee benefits as defined in 29 U.S.C. Section 1002 (Employee Retirement Income Security Act).
- H. “Insolvency” means when an issuer, licensed to transact the business of insurance in this state, has had a final order of liquidation entered against it with a finding of insolvency by a court of competent jurisdiction in the issuer’s state of domicile.

Drafting Note: If the state law definition of insolvency differs from the above definition, please insert the state law definition.

- I. “Issuer” includes insurance companies, fraternal benefit societies, health care service plans, health maintenance organizations, and any other entity delivering or issuing for delivery in this state Medicare supplement policies or certificates.
- J. “Medicare” means the “Health Insurance for the Aged Act,” Title XVIII of the Social Security Amendments of 1965, as then constituted or later amended.

- K. “Medicare Advantage plan” means a plan of coverage for health benefits under Medicare Part C as defined in [refer to definition of Medicare Advantage plan in 42 U.S.C. 1395w-28(b)(1)], and includes:
- (1) Coordinated care plans that provide health care services, including but not limited to health maintenance organization plans (with or without a point-of-service option), plans offered by provider-sponsored organizations, and preferred provider organization plans;
 - (2) Medical savings account plans coupled with a contribution into a Medicare Advantage plan medical savings account; and
 - (3) Medicare Advantage private fee-for-service plans.

Drafting Note: The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) redesignates “Medicare + Choice” as “Medicare Advantage” effective January 1, 2004.

- L. “Medicare supplement policy” means a group or individual policy of [accident and sickness] insurance or a subscriber contract [of hospital and medical service associations or health maintenance organizations], 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. § 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. “Medicare supplement policy” does not include Medicare Advantage plans established under Medicare Part C, Outpatient Prescription Drug plans established under Medicare Part D, or any Health Care Prepayment Plan (HCPP) that provides benefits pursuant to an agreement under §1833(a)(1)(A) of the Social Security Act.

Drafting Note: Under §104(c) of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), policies that are advertised, marketed or designed primarily to cover out-of-pocket costs under Medicare Advantage Plans (established under Medicare Part C) must comply with the Medicare supplement requirements of §1882(o) of the Social Security Act.

- M. “Pre-Standardized Medicare supplement benefit plan,” “Pre-Standardized benefit plan” or “Pre-Standardized plan” means a group or individual policy of Medicare supplement insurance issued prior to [insert effective date on which the state made its revisions to conform to the Omnibus Budget Reconciliation Act of 1990].
- N. “1990 Standardized Medicare supplement benefit plan,” “1990 Standardized benefit plan” or “1990 plan” means a group or individual policy of Medicare supplement insurance issued on or after [insert effective date of 1990 plan] and prior to June 1, 2010 and includes Medicare supplement insurance policies and certificates renewed on or after that date which are not replaced by the issuer at the request of the insured.
- O. “2010 Standardized Medicare supplement benefit plan,” “2010 Standardized benefit plan” or “2010 plan” means a group or individual policy of Medicare supplement insurance issued on or after June 1, 2010.
- P. “Policy form” means the form on which the policy is delivered or issued for delivery by the issuer.

- Q. “Secretary” means the Secretary of the United States Department of Health and Human Services.

Section 5. Policy Definitions and Terms

No policy or certificate may be advertised, solicited or issued for delivery in this state as a Medicare supplement policy or certificate unless the policy or certificate contains definitions or terms that conform to the requirements of this section.

- A. “Accident,” “accidental injury,” or “accidental means” shall be defined to employ “result” language and shall not include words that establish an accidental means test or use words such as “external, violent, visible wounds” or similar words of description or characterization.
- (1) The definition shall not be more restrictive than the following: “Injury or injuries for which benefits are provided means accidental bodily injury sustained by the insured person which is the direct result of an accident, independent of disease or bodily infirmity or any other cause, and occurs while insurance coverage is in force.”
- (2) The definition may provide that injuries shall not include injuries for which benefits are provided or available under any workers’ compensation, employer’s liability or similar law, or motor vehicle no-fault plan, unless prohibited by law.
- B. “Benefit period” or “Medicare benefit period” shall not be defined more restrictively than as defined in the Medicare program.
- C. “Convalescent nursing home,” “extended care facility,” or “skilled nursing facility” shall not be defined more restrictively than as defined in the Medicare program.
- D. “Health care expenses” means, for purposes of Section 14, expenses of health maintenance organizations associated with the delivery of health care services, which expenses are analogous to incurred losses of insurers.
- E. “Hospital” may be defined in relation to its status, facilities and available services or to reflect its accreditation by the Joint Commission on Accreditation of Hospitals, but not more restrictively than as defined in the Medicare program.
- F. “Medicare” shall be defined in the policy and certificate. Medicare may be substantially defined as “The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965 as Then Constituted or Later Amended,” or “Title I, Part I of Public Law 89-97, as Enacted by the Eighty-Ninth Congress of the United States of America and popularly known as the Health Insurance for the Aged Act, as then constituted and any later amendments or substitutes thereof,” or words of similar import.
- G. “Medicare eligible expenses” shall mean expenses of the kinds covered by Medicare Parts A and B, to the extent recognized as reasonable and medically necessary by Medicare.
- H. “Physician” shall not be defined more restrictively than as defined in the Medicare program.

- I. “Sickness” shall not be defined to be more restrictive than the following: “Sickness means illness or disease of an insured person which first manifests itself after the effective date of insurance and while the insurance is in force.” The definition may be further modified to exclude sicknesses or diseases for which benefits are provided under any workers’ compensation, occupational disease, employer’s liability or similar law.

Section 6. Policy Provisions

- A. Except for permitted preexisting condition clauses as described in Section 7A(1), Section 8A(1), and Section 8.1A(1) of this regulation, no policy or certificate may be advertised, solicited or issued for delivery in this state as a Medicare supplement policy if the policy or certificate contains limitations or exclusions on coverage that are more restrictive than those of Medicare.
- B. No Medicare supplement policy or certificate may use waivers to exclude, limit or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions.
- C. No Medicare supplement policy or certificate in force in the state shall contain benefits that duplicate benefits provided by Medicare.
- D.
 - (1) Subject to Sections 7A(4), (5) and (7), and 8A(4) and (5) of this regulation, a Medicare supplement policy with benefits for outpatient prescription drugs in existence prior to January 1, 2006 shall be renewed for current policyholders who do not enroll in Part D at the option of the policyholder.
 - (2) A Medicare supplement policy with benefits for outpatient prescription drugs shall not be issued after December 31, 2005.
 - (3) After December 31, 2005, a Medicare supplement policy with benefits for outpatient prescription drugs may not be renewed after the policyholder enrolls in Medicare Part D unless:
 - (a) The policy is modified to eliminate outpatient prescription coverage for expenses of outpatient prescription drugs incurred after the effective date of the individual’s coverage under a Part D plan and;
 - (b) Premiums are adjusted to reflect the elimination of outpatient prescription drug coverage at the time of Medicare Part D enrollment, accounting for any claims paid, if applicable.

Drafting Note: After December 31, 2005, MMA prohibits issuers of Medicare supplement policies from renewing outpatient prescription drug benefits for both pre-standardized and standardized Medicare supplement policyholders who enroll in Medicare Part D. Before May 15, 2006, these beneficiaries have two options: retain their current plan with outpatient prescription drug coverage removed and premiums adjusted appropriately; or enroll in a different policy as guaranteed for beneficiaries affected by these changes mandated by MMA and outlined in Section 12, “Guaranteed Issue for Eligible Persons.” After May 15, 2006 however, these beneficiaries will only retain a right to keep their original policies, stripped of outpatient prescription drug coverage, and lose the right to guaranteed issue of the plans described in Section 12.

Section 7. Minimum Benefit Standards for Pre-Standardized Medicare Supplement Benefit Plan Policies or Certificates Issued for Delivery Prior to [insert effective date adopted by state]

No policy or certificate may be advertised, solicited or issued for delivery in this state as a Medicare supplement policy or certificate unless it meets or exceeds the following minimum standards. These are minimum standards and do not preclude the inclusion of other provisions or benefits which are not inconsistent with these standards.

Drafting Note: This section has been retained for transitional purposes. The purpose of this section is to govern all policies issued prior to the date a state makes its revisions to conform to the Omnibus Budget Reconciliation Act of 1990 (Pub. L. 101-508).

A. General Standards. The following standards apply to Medicare supplement policies and certificates and are in addition to all other requirements of this regulation.

- (1) A Medicare supplement policy or certificate shall not exclude or limit benefits for losses 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.

Drafting Note: States that have adopted the NAIC Individual Accident and Sickness Insurance Minimum Standards Model Act should recognize a conflict between Section 6B of that Act and this subsection. It may be necessary to include additional language in the Minimum Standards Model Act that recognizes the applicability of this preexisting condition rule to Medicare supplement policies and certificates.

- (2) A Medicare supplement policy or certificate shall not indemnify against losses resulting from sickness on a different basis than losses resulting from accidents.
- (3) A Medicare supplement policy or certificate 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, co-payment, or coinsurance amounts. Premiums may be modified to correspond with such changes.

Drafting Note: This provision was prepared so that premium changes can be made based upon the changes in policy benefits that will be necessary because of changes in Medicare benefits. States may wish to redraft this provision so as to coincide with their particular authority.

- (4) A “non-cancellable,” “guaranteed renewable,” or “non-cancellable and guaranteed renewable” Medicare supplement policy shall not:
 - (a) Provide for termination of coverage of a spouse solely because of the occurrence of an event specified for termination of coverage of the insured, other than the nonpayment of premium; or
 - (b) Be cancelled or non-renewed by the issuer solely on the grounds of deterioration of health.
- (5) (a) Except as authorized by the commissioner of this state, an issuer shall neither cancel nor non-renew a Medicare supplement policy or certificate for any reason other than nonpayment of premium or material misrepresentation.

- (b) If a group Medicare supplement insurance policy is terminated by the group policyholder and not replaced as provided in Paragraph (5)(d), the issuer shall offer certificate holders an individual Medicare supplement policy. The issuer shall offer the certificate holder at least the following choices:
 - (i) An individual Medicare supplement policy currently offered by the issuer having comparable benefits to those contained in the terminated group Medicare supplement policy; and
 - (ii) An individual Medicare supplement policy which provides only such benefits as are required to meet the minimum standards as defined in Section 8.1B of this regulation.

Drafting Note: Group contracts in force prior to the effective date of the Omnibus Budget Reconciliation Act (OBRA) of 1990 may have existing contractual obligations to continue benefits contained in the group contract. This section is not intended to impair such obligations.

- (c) If membership in a group is terminated, the issuer shall:
 - (i) Offer the certificate holder the conversion opportunities described in Subparagraph (b); or
 - (ii) At the option of the group policyholder, offer the certificate holder continuation of coverage under the group policy.
- (d) If a group Medicare supplement policy is replaced by another group Medicare supplement policy purchased by the same policyholder, the issuer of the replacement policy shall offer coverage to all persons covered under the old group policy on its date of termination. Coverage under the new group policy shall not result in any exclusion for preexisting conditions that would have been covered under the group policy being replaced.

Drafting Note: Rate increases otherwise authorized by law are not prohibited by this Paragraph (5).

- (6) Termination of a Medicare supplement policy or certificate shall be without prejudice to any continuous loss which commenced while the policy was in force, but the extension of benefits beyond the period during which the policy was in force may be predicated upon the continuous total disability of the insured, limited to the duration of the policy benefit period, if any, or to payment of the maximum benefits. Receipt of Medicare Part D benefits will not be considered in determining a continuous loss.
- (7) If a Medicare supplement policy eliminates an outpatient prescription drug benefit as a result of requirements imposed by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, the modified policy shall be deemed to satisfy the guaranteed renewal requirements of this subsection.

B. Minimum Benefit Standards.

- (1) Coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Medicare from the 61st day through the 90th day in any Medicare benefit period;
- (2) Coverage for either all or none of the Medicare Part A inpatient hospital deductible amount;
- (3) Coverage of Part A Medicare eligible expenses incurred as daily hospital charges during use of Medicare's lifetime hospital inpatient reserve days;
- (4) Upon exhaustion of all Medicare hospital inpatient coverage including the lifetime reserve days, coverage of ninety percent (90%) of all Medicare Part A eligible expenses for hospitalization not covered by Medicare subject to a lifetime maximum benefit of an additional 365 days;
- (5) Coverage under Medicare Part A for the reasonable cost of the first three (3) pints of blood (or equivalent quantities of packed red blood cells, as defined under federal regulations) unless replaced in accordance with federal regulations or already paid for under Part B;
- (6) Coverage for the coinsurance amount, or in the case of hospital outpatient department services paid under a prospective payment system, the co-payment amount, of Medicare eligible expenses under Part B regardless of hospital confinement, subject to a maximum calendar year out-of-pocket amount equal to the Medicare Part B deductible [\$100];
- (7) Effective January 1, 1990, coverage under Medicare Part B for the reasonable cost of the first three (3) pints of blood (or equivalent quantities of packed red blood cells, as defined under federal regulations), unless replaced in accordance with federal regulations or already paid for under Part A, subject to the Medicare deductible amount.

Section 8. Benefit Standards for 1990 Standardized Medicare Supplement Benefit Plan Policies or Certificates Issued or Delivered on or After [insert effective date adopted by state] and Prior to June 1, 2010

The following standards are applicable to all Medicare supplement policies or certificates delivered or issued for delivery in this state on or after [insert effective date] and prior to June 1, 2010. No policy or certificate may be advertised, solicited, delivered or issued for delivery in this state as a Medicare supplement policy or certificate unless it complies with these benefit standards.

Drafting Note: This Section has been retained for transitional purposes. The purpose of this section is to govern policies issued subsequent to the adoption of 1990 Standardized benefit plans and prior to June 1, 2010. Standards for 2010 Standardized benefit plans issued for effective dates on or after June 1, 2010 are included in Section 8.1 of this regulation.

A. General Standards. The following standards apply to Medicare supplement policies and certificates and are in addition to all other requirements of this regulation.

- (1) A Medicare supplement policy or certificate shall not exclude or limit benefits for losses incurred more than six (6) months from the effective date of coverage because it involved a preexisting condition. The policy or certificate may 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.

Drafting Note: States that have adopted the NAIC Individual Accident and Sickness Insurance Minimum Standards Model Act should recognize a conflict between Section 6B of that Act and this subsection. It may be necessary to include additional language in the Minimum Standards Model Act that recognizes the applicability of this preexisting condition rule to Medicare supplement policies and certificates.

- (2) A Medicare supplement policy or certificate shall not indemnify against losses resulting from sickness on a different basis than losses resulting from accidents.
- (3) A Medicare supplement policy or certificate 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, co-payment, or coinsurance amounts. Premiums may be modified to correspond with such changes.

Drafting Note: This provision was prepared so that premium changes can be made based on the changes in policy benefits that will be necessary because of changes in Medicare benefits. States may wish to redraft this provision to conform to their particular authority.

- (4) No Medicare supplement policy or certificate shall provide for termination of coverage of a spouse solely because of the occurrence of an event specified for termination of coverage of the insured, other than the nonpayment of premium.
- (5) Each Medicare supplement policy shall be guaranteed renewable.
 - (a) The issuer shall not cancel or non-renew the policy solely on the ground of health status of the individual.
 - (b) The issuer shall not cancel or non-renew the policy for any reason other than nonpayment of premium or material misrepresentation.
 - (c) If the Medicare supplement policy is terminated by the group policyholder and is not replaced as provided under Section 8A(5)(e), the issuer shall offer certificate holders an individual Medicare supplement policy which (at the option of the certificate holder)
 - (i) Provides for continuation of the benefits contained in the group policy, or
 - (ii) Provides for benefits that otherwise meet the requirements of this subsection.
 - (d) If an individual is a certificate holder in a group Medicare supplement policy and the individual terminates membership in the group, the issuer shall
 - (i) Offer the certificate holder the conversion opportunity described in Section 8A(5)(c), or

- (ii) At the option of the group policyholder, offer the certificate holder continuation of coverage under the group policy.
- (e) If a group Medicare supplement policy is replaced by another group Medicare supplement policy purchased by the same policyholder, the issuer of the replacement policy shall offer coverage to all persons covered under the old group policy on its date of termination. Coverage under the new policy shall not result in any exclusion for preexisting conditions that would have been covered under the group policy being replaced.
- (f) If a Medicare supplement policy eliminates an outpatient prescription drug benefit as a result of requirements imposed by the Medicare Prescription Drug, Improvement and Modernization Act of 2003, the modified policy shall be deemed to satisfy the guaranteed renewal requirements of this paragraph.

Drafting Note: Rate increases otherwise authorized by law are not prohibited by this Paragraph (5).

- (6) Termination of a Medicare supplement policy or certificate shall be without prejudice to any continuous loss which commenced while the policy was in force, but the extension of benefits beyond the period during which the policy was in force may be conditioned upon the continuous total disability of the insured, limited to the duration of the policy benefit period, if any, or payment of the maximum benefits. Receipt of Medicare Part D benefits will not be considered in determining a continuous loss.
- (7)
 - (a) A Medicare supplement policy or certificate shall provide that benefits and premiums under the policy or certificate shall be suspended at the request of the policyholder or certificate holder for the period (not to exceed twenty-four (24) months) in which the policyholder or certificate holder has applied for and is determined to be entitled to medical assistance under Title XIX of the Social Security Act, but only if the policyholder or certificate holder notifies the issuer of the policy or certificate within ninety (90) days after the date the individual becomes entitled to assistance.
 - (b) If suspension occurs and if the policyholder or certificate holder loses entitlement to medical assistance, the policy or certificate shall be automatically reinstituted (effective as of the date of termination of entitlement) as of the termination of entitlement if the policyholder or certificate holder provides notice of loss of entitlement within ninety (90) days after the date of loss and pays the premium attributable to the period, effective as of the date of termination of entitlement.
 - (c) Each Medicare supplement policy shall provide that benefits and premiums under the policy shall be suspended (for any period that may be provided by federal regulation) at the request of the policyholder if the policyholder is entitled to benefits under Section 226 (b) of the Social Security Act and is covered under a group health plan (as defined in Section 1862 (b)(1)(A)(v) of the Social Security Act). If suspension occurs and if the policyholder or certificate holder loses coverage under the group health plan, the policy shall be automatically reinstituted (effective as of the date of loss of coverage)

if the policyholder provides notice of loss of coverage within ninety (90) days after the date of the loss.

Drafting Note: The Ticket to Work and Work Incentives Improvement Act failed to provide for payment of the policy premiums in order to reinstitute coverage retroactively. States should consider adding the following language at the end of the last sentence in Subparagraph (c): “and pays the premium attributable to the period, effective as of the date of termination of enrollment in the group health plan.” This addition will clarify that issuers are entitled to collect the premium in this situation, as they are under Subparagraph (b). Also, the Ticket to Work and Work Incentives Improvement Act of 1999 does not specify the period of time that a policy may be suspended under Section 8A(7)(c). In the event that the Centers for Medicare & Medicaid Services (CMS) provides states with guidance on this issue, the phrase “for any period that may be provided by federal law” has been inserted into this provision in parentheses so that any time period prescribed is incorporated by reference.

- (d) Reinstitution of coverages as described in Subparagraphs (b) and (c):
 - (i) Shall not provide for any waiting period with respect to treatment of preexisting conditions;
 - (ii) Shall provide for resumption of coverage that is substantially equivalent to coverage in effect before the date of suspension. If the suspended Medicare supplement policy provided coverage for outpatient prescription drugs, reinstitution of the policy for Medicare Part D enrollees shall be without coverage for outpatient prescription drugs and shall otherwise provide substantially equivalent coverage to the coverage in effect before the date of suspension; and
 - (iii) Shall provide for classification of premiums on terms at least as favorable to the policyholder or certificate holder as the premium classification terms that would have applied to the policyholder or certificate holder had the coverage not been suspended.
- (8) If an issuer makes a written offer to the Medicare Supplement policyholders or certificate holders of one or more of its plans, to exchange during a specified period from his or her [1990 Standardized plan] (as described in Section 9 of this regulation) to a [2010 Standardized plan] (as described in Section 9.1 of this regulation), the offer and subsequent exchange shall comply with the following requirements:
 - (a) An issuer need not provide justification to the [commissioner] if the insured replaces a [1990 Standardized] policy or certificate with an issue age rated [2010 Standardized] policy or certificate at the insured's original issue age [and duration]. If an insured's policy or certificate to be replaced is priced on an issue age rate schedule at the time of such offer, the rate charged to the insured for the new exchanged policy shall recognize the policy reserve buildup, due to the pre-funding inherent in the use of an issue age rate basis, for the benefit of the insured. The method proposed to be used by an issuer must be filed with the commissioner [----- according to the state's rate filing procedure -----].
 - (b) The rating class of the new policy or certificate shall be the class closest to the insured's class of the replaced coverage.

- (c) An issuer may not apply new pre-existing condition limitations or a new incontestability period to the new policy for those benefits contained in the exchanged [1990 Standardized] policy or certificate of the insured, but may apply pre-existing condition limitations of no more than six (6) months to any added benefits contained in the new [2010 Standardized] policy or certificate not contained in the exchanged policy.
- (d) The new policy or certificate shall be offered to all policyholders or certificate holders within a given plan, except where the offer or issue would be in violation of state or federal law.

Drafting Note: The options an issuer may offer its policyholders or certificate holders may be (a) to only selected existing Plans or (b) to only certain new Plans for a particular existing Plan. For example, an exchange of a new Plan F for an old Plan F is an acceptable option. An offer to only policyholders with existing Plans with no reduction in benefits is also acceptable.

B. Standards for Basic (Core) Benefits Common to Benefit Plans A to J. Every issuer shall make available a policy or certificate including only the following basic “core” package of benefits to each prospective insured. An issuer may make available to prospective insureds any of the other Medicare Supplement Insurance Benefit Plans in addition to the basic core package, but not in lieu of it.

- (1) Coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Medicare from the 61st day through the 90th day in any Medicare benefit period;
- (2) Coverage of Part A Medicare eligible expenses incurred for hospitalization to the extent not covered by Medicare for each Medicare lifetime inpatient reserve day used;
- (3) Upon exhaustion of the Medicare hospital inpatient coverage, including the lifetime reserve days, coverage of one hundred percent (100%) of the Medicare Part A eligible expenses for hospitalization paid at the applicable prospective payment system (PPS) rate, or other appropriate Medicare standard of payment, subject to a lifetime maximum benefit of an additional 365 days. The provider shall accept the issuer's payment as payment in full and may not bill the insured for any balance;

Drafting Note: The issuer is required to pay whatever amount Medicare would have paid as if Medicare was covering the hospitalization. The “or other appropriate Medicare standard of payment” provision means the manner in which Medicare would have paid. The issuer stands in the place of Medicare, and so the provider must accept the issuer's payment as payment in full. The Outline of Coverage specifies that the beneficiary will pay “\$0,” and the provider cannot balance bill the insured.

- (4) Coverage under Medicare Parts A and B for the reasonable cost of the first three (3) pints of blood (or equivalent quantities of packed red blood cells, as defined under federal regulations) unless replaced in accordance with federal regulations;
- (5) Coverage for the coinsurance amount, or in the case of hospital outpatient department services paid under a prospective payment system, the co-payment amount, of Medicare eligible expenses under Part B regardless of hospital confinement, subject to the Medicare Part B deductible;

Drafting Note: In all cases involving hospital outpatient department services paid under a prospective payment system, the issuer is required to pay the co-payment amount established by CMS, which will be either the amount established for the Ambulatory Payment Classification (APC) group, or a provider-elected reduced co-payment amount.

- C. Standards for Additional Benefits. The following additional benefits shall be included in Medicare Supplement Benefit Plans “B” through “J” only as provided by Section 9 of this regulation.
- (1) Medicare Part A Deductible: Coverage for all of the Medicare Part A inpatient hospital deductible amount per benefit period.
 - (2) Skilled Nursing Facility Care: Coverage for the actual billed charges up to the coinsurance amount from the 21st day through the 100th day in a Medicare benefit period for post-hospital skilled nursing facility care eligible under Medicare Part A.
 - (3) Medicare Part B Deductible: Coverage for all of the Medicare Part B deductible amount per calendar year regardless of hospital confinement.
 - (4) Eighty Percent (80%) of the Medicare Part B Excess Charges: Coverage for eighty percent (80%) of the difference between the actual Medicare Part B charge as billed, not to exceed any charge limitation established by the Medicare program or state law, and the Medicare-approved Part B charge.
 - (5) One Hundred Percent (100%) of the Medicare Part B Excess Charges: Coverage for all of the difference between the actual Medicare Part B charge as billed, not to exceed any charge limitation established by the Medicare program or state law, and the Medicare-approved Part B charge.
 - (6) Basic Outpatient Prescription Drug Benefit: Coverage for fifty percent (50%) of outpatient prescription drug charges, after a \$250 calendar year deductible, to a maximum of \$1,250 in benefits received by the insured per calendar year, to the extent not covered by Medicare. The outpatient prescription drug benefit may be included for sale or issuance in a Medicare supplement policy until January 1, 2006.
 - (7) Extended Outpatient Prescription Drug Benefit: Coverage for fifty percent (50%) of outpatient prescription drug charges, after a \$250 calendar year deductible to a maximum of \$3,000 in benefits received by the insured per calendar year, to the extent not covered by Medicare. The outpatient prescription drug benefit may be included for sale or issuance in a Medicare supplement policy until January 1, 2006.
 - (8) Medically Necessary Emergency Care in a Foreign Country: Coverage to the extent not covered by Medicare for eighty percent (80%) of the billed charges for Medicare-eligible expenses for medically necessary emergency hospital, physician and medical care received in a foreign country, which care would have been covered by Medicare if provided in the United States and which care began during the first sixty (60) consecutive days of each trip outside the United States, subject to a calendar year deductible of \$250, and a lifetime maximum benefit of \$50,000. For purposes of this benefit, “emergency care” shall mean care needed immediately because of an injury or an illness of sudden and unexpected onset.
 - (9) (a) Preventive Medical Care Benefit: Coverage for the following preventive health services not covered by Medicare:

- (i) An annual clinical preventive medical history and physical examination that may include tests and services from Subparagraph (b) and patient education to address preventive health care measures;
 - (ii) Preventive screening tests or preventive services, the selection and frequency of which is determined to be medically appropriate by the attending physician.
 - (b) Reimbursement shall be for the actual charges up to one hundred percent (100%) of the Medicare-approved amount for each service, as if Medicare were to cover the service as identified in American Medical Association Current Procedural Terminology (AMA CPT) codes, to a maximum of \$120 annually under this benefit. This benefit shall not include payment for any procedure covered by Medicare.
- (10) At-Home Recovery Benefit: Coverage for services to provide short term, at-home assistance with activities of daily living for those recovering from an illness, injury or surgery.
 - (a) For purposes of this benefit, the following definitions shall apply:
 - (i) “Activities of daily living” include, but are not limited to bathing, dressing, personal hygiene, transferring, eating, ambulating, assistance with drugs that are normally self-administered, and changing bandages or other dressings.
 - (ii) “Care provider” means a duly qualified or licensed home health aide or homemaker, personal care aide or nurse provided through a licensed home health care agency or referred by a licensed referral agency or licensed nurses registry.
 - (iii) “Home” shall mean any place used by the insured as a place of residence, provided that the place would qualify as a residence for home health care services covered by Medicare. A hospital or skilled nursing facility shall not be considered the insured’s place of residence.
 - (iv) “At-home recovery visit” means the period of a visit required to provide at home recovery care, without limit on the duration of the visit, except each consecutive four (4) hours in a twenty-four-hour period of services provided by a care provider is one visit.
 - (b) Coverage Requirements and Limitations.
 - (i) At-home recovery services provided must be primarily services which assist in activities of daily living.
 - (ii) The insured’s attending physician must certify that the specific type and frequency of at-home recovery services are

necessary because of a condition for which a home care plan of treatment was approved by Medicare.

(iii) Coverage is limited to:

- (I) No more than the number and type of at-home recovery visits certified as necessary by the insured's attending physician. The total number of at-home recovery visits shall not exceed the number of Medicare approved home health care visits under a Medicare approved home care plan of treatment;
- (II) The actual charges for each visit up to a maximum reimbursement of \$40 per visit;
- (III) \$1,600 per calendar year;
- (IV) Seven (7) visits in any one week;
- (V) Care furnished on a visiting basis in the insured's home;
- (VI) Services provided by a care provider as defined in this section;
- (VII) At-home recovery visits while the insured is covered under the policy or certificate and not otherwise excluded;
- (VIII) At-home recovery visits received during the period the insured is receiving Medicare approved home care services or no more than eight (8) weeks after the service date of the last Medicare approved home health care visit.

(c) Coverage is excluded for:

- (i) Home care visits paid for by Medicare or other government programs; and
- (ii) Care provided by family members, unpaid volunteers or providers who are not care providers.

Drafting Note: The Omnibus Budget Reconciliation Act 1990, 42 U.S.C. § 1395ss(p)(7), does not prohibit the issuers of Medicare supplement policies, through an arrangement with a vendor for discounts from the vendor, from making available discounts from the vendor to the policyholder or certificate holder for the purchase of items or services not covered under its Medicare supplement policies (for example: discounts on hearing aids or eyeglasses).

Drafting Note: The NAIC discussed including inflation protection for at-home recovery benefits, and preventive care benefits. However, because of the lack of an appropriate mechanism for indexing these benefits, NAIC has not included indexing at this point in time. However, NAIC is committed to evaluating the effectiveness of these benefits without inflation protection, and will revisit the issue. NAIC has determined that OBRA does not authorize NAIC to delegate the authority for indexing these benefits to a federal agency without an amendment to federal law.

D. Standards for Plans K and L.

- (1) Standardized Medicare supplement benefit plan “K” shall consist of the following:
 - (a) Coverage of one hundred percent (100%) of the Part A hospital coinsurance amount for each day used from the 61st through the 90th day in any Medicare benefit period;
 - (b) Coverage of one hundred percent (100%) of the Part A hospital coinsurance amount for each Medicare lifetime inpatient reserve day used from the 91st through the 150th day in any Medicare benefit period;
 - (c) Upon exhaustion of the Medicare hospital inpatient coverage, including the lifetime reserve days, coverage of one hundred percent (100%) of the Medicare Part A eligible expenses for hospitalization paid at the applicable prospective payment system (PPS) rate, or other appropriate Medicare standard of payment, subject to a lifetime maximum benefit of an additional 365 days. The provider shall accept the issuer’s payment as payment in full and may not bill the insured for any balance;
 - (d) Medicare Part A Deductible: Coverage for fifty percent (50%) of the Medicare Part A inpatient hospital deductible amount per benefit period until the out-of-pocket limitation is met as described in Subparagraph (j);
 - (e) Skilled Nursing Facility Care: Coverage for fifty percent (50%) of the coinsurance amount for each day used from the 21st day through the 100th day in a Medicare benefit period for post-hospital skilled nursing facility care eligible under Medicare Part A until the out-of-pocket limitation is met as described in Subparagraph (j);
 - (f) Hospice Care: Coverage for fifty percent (50%) of cost sharing for all Part A Medicare eligible expenses and respite care until the out-of-pocket limitation is met as described in Subparagraph (j);
 - (g) Coverage for fifty percent (50%), under Medicare Part A or B, of the reasonable cost of the first three (3) pints of blood (or equivalent quantities of packed red blood cells, as defined under federal regulations) unless replaced in accordance with federal regulations until the out-of-pocket limitation is met as described in Subparagraph (j);
 - (h) Except for coverage provided in Subparagraph (i) below, coverage for fifty percent (50%) of the cost sharing otherwise applicable under Medicare Part B after the policyholder pays the Part B deductible until the out-of-pocket limitation is met as described in Subparagraph (j) below;

- (i) Coverage of one hundred percent (100%) of the cost sharing for Medicare Part B preventive services after the policyholder pays the Part B deductible; and
 - (j) Coverage of one hundred percent (100%) of all cost sharing under Medicare Parts A and B for the balance of the calendar year after the individual has reached the out-of-pocket limitation on annual expenditures under Medicare Parts A and B of \$4000 in 2006, indexed each year by the appropriate inflation adjustment specified by the Secretary of the U.S. Department of Health and Human Services.
- (2) Standardized Medicare supplement benefit plan “L” shall consist of the following:
- (a) The benefits described in Paragraphs (1)(a), (b), (c) and (i);
 - (b) The benefit described in Paragraphs (1)(d), (e), (f), (g) and (h), but substituting seventy-five percent (75%) for fifty percent (50%); and
 - (c) The benefit described in Paragraph (1)(j), but substituting \$2000 for \$4000.

Section 8.1 Benefit Standards for 2010 Standardized Medicare Supplement Benefit Plan Policies or Certificates Issued for Delivery on or After June 1, 2010

The following standards are applicable to all Medicare supplement policies or certificates delivered or issued for delivery in this state on or after June 1, 2010. No policy or certificate may be advertised, solicited, delivered, or issued for delivery in this state as a Medicare supplement policy or certificate unless it complies with these benefit standards. No issuer may offer any [1990 Standardized Medicare supplement benefit plan] for sale on or after June 1, 2010. Benefit standards applicable to Medicare supplement policies and certificates issued before June 1, 2010 remain subject to the requirements of [-insert proper citation-].

Drafting Note. Each state should insert the proper citation(s) to its statutes or rules that govern Medicare supplement insurance policies and certificates issued prior to the June 1, 2010 effective date of 2010 Standardized benefit plan standards found in Sections 8.1 and 9.1 of this regulation. It is recommended that each state's applicable statutes or rules for Medicare supplement policies and certificates issued prior to June 1, 2010 be retained and that this section of the regulation be adopted in its entirety as a new section to govern policies issued on and after June 1, 2010.

- A. General Standards. The following standards apply to Medicare supplement policies and certificates and are in addition to all other requirements of this regulation.
- (1) A Medicare supplement policy or certificate shall not exclude or limit benefits for losses incurred more than six (6) months from the effective date of coverage because it involved a preexisting condition. The policy or certificate may 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.

Drafting Note: States that have adopted the NAIC Individual Accident and Sickness Insurance Minimum Standards Model Act should recognize a conflict between Section 6B of that Act and this Subsection. It may be necessary to include additional language in the Minimum Standards Model Act that recognizes the applicability of this preexisting condition rule to Medicare supplement policies and certificates.

- (2) A Medicare supplement policy or certificate shall not indemnify against losses resulting from sickness on a different basis than losses resulting from accidents.
- (3) A Medicare supplement policy or certificate 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, co-payment, or coinsurance amounts. Premiums may be modified to correspond with such changes.

Drafting Note: This provision was prepared so that premium changes can be made based on the changes in policy benefits that will be necessary because of changes in Medicare benefits. States may wish to redraft this provision to conform to their particular authority.

- (4) No Medicare supplement policy or certificate shall provide for termination of coverage of a spouse solely because of the occurrence of an event specified for termination of coverage of the insured, other than the nonpayment of premium.
- (5) Each Medicare supplement policy shall be guaranteed renewable.
 - (a) The issuer shall not cancel or non-renew the policy solely on the ground of health status of the individual.
 - (b) The issuer shall not cancel or non-renew the policy for any reason other than nonpayment of premium or material misrepresentation.
 - (c) If the Medicare supplement policy is terminated by the group policyholder and is not replaced as provided under Section 8.1A(5)(e) of this regulation, the issuer shall offer certificate holders an individual Medicare supplement policy which (at the option of the certificate holder):
 - (i) Provides for continuation of the benefits contained in the group policy; or
 - (ii) Provides for benefits that otherwise meet the requirements of this Subsection.
 - (d) If an individual is a certificate holder in a group Medicare supplement policy and the individual terminates membership in the group, the issuer shall
 - (i) Offer the certificate holder the conversion opportunity described in Section 8.1A(5)(c) of this regulation; or
 - (ii) At the option of the group policyholder, offer the certificate holder continuation of coverage under the group policy.
 - (e) If a group Medicare supplement policy is replaced by another group Medicare supplement policy purchased by the same policyholder, the issuer of the replacement policy shall offer coverage to all persons covered under the old group policy on its date of termination.

Coverage under the new policy shall not result in any exclusion for preexisting conditions that would have been covered under the group policy being replaced.

Drafting Note: Rate increases otherwise authorized by law are not prohibited by this Paragraph (5).

- (6) Termination of a Medicare supplement policy or certificate shall be without prejudice to any continuous loss which commenced while the policy was in force, but the extension of benefits beyond the period during which the policy was in force may be conditioned upon the continuous total disability of the insured, limited to the duration of the policy benefit period, if any, or payment of the maximum benefits. Receipt of Medicare Part D benefits will not be considered in determining a continuous loss.
- (7)
 - (a) A Medicare supplement policy or certificate shall provide that benefits and premiums under the policy or certificate shall be suspended at the request of the policyholder or certificate holder for the period (not to exceed twenty-four (24) months) in which the policyholder or certificate holder has applied for and is determined to be entitled to medical assistance under Title XIX of the Social Security Act, but only if the policyholder or certificate holder notifies the issuer of the policy or certificate within ninety (90) days after the date the individual becomes entitled to assistance.
 - (b) If suspension occurs and if the policyholder or certificate holder loses entitlement to medical assistance, the policy or certificate shall be automatically reinstituted (effective as of the date of termination of entitlement) as of the termination of entitlement if the policyholder or certificate holder provides notice of loss of entitlement within ninety (90) days after the date of loss and pays the premium attributable to the period, effective as of the date of termination of entitlement.
 - (c) Each Medicare supplement policy shall provide that benefits and premiums under the policy shall be suspended (for any period that may be provided by federal regulation) at the request of the policyholder if the policyholder is entitled to benefits under Section 226 (b) of the Social Security Act and is covered under a group health plan (as defined in Section 1862 (b)(1)(A)(v) of the Social Security Act). If suspension occurs and if the policyholder or certificate holder loses coverage under the group health plan, the policy shall be automatically reinstituted (effective as of the date of loss of coverage) if the policyholder provides notice of loss of coverage within ninety (90) days after the date of the loss.

Drafting Note: The Ticket to Work and Work Incentives Improvement Act failed to provide for payment of the policy premiums in order to reinstitute coverage retroactively. States should consider adding the following language at the end of the last sentence in Subparagraph (c): “and pays the premium attributable to the period, effective as of the date of termination of enrollment in the group health plan.” This addition will clarify that issuers are entitled to collect the premium in this situation, as they are under Subparagraph (b). Also, the Ticket to Work and Work Incentives Improvement Act of 1999 does not specify the period of time that a policy may be suspended under Section 8A(7)(c). In the period that may event that the Centers for Medicare & Medicaid Services (CMS) provides states with guidance on this issue, the phrase “for any be provided by federal law” has been inserted into this provision in parentheses so that any time period prescribed is incorporated by reference.

- (d) Reinstitution of coverages as described in Subparagraphs (b) and (c):
 - (i) Shall not provide for any waiting period with respect to treatment of preexisting conditions;
 - (ii) Shall provide for resumption of coverage that is substantially equivalent to coverage in effect before the date of suspension; and
 - (iii) Shall provide for classification of premiums on terms at least as favorable to the policyholder or certificate holder as the premium classification terms that would have applied to the policyholder or certificate holder had the coverage not been suspended.
- B. Standards for Basic (Core) Benefits Common to Medicare Supplement Insurance Benefit Plans A, B, C, D, F, F with High Deductible, G, M and N. Every issuer of Medicare supplement insurance benefit plans shall make available a policy or certificate including only the following basic “core” package of benefits to each prospective insured. An issuer may make available to prospective insureds any of the other Medicare Supplement Insurance Benefit Plans in addition to the basic core package, but not in lieu of it.
 - (1) Coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Medicare from the 61st day through the 90th day in any Medicare benefit period;
 - (2) Coverage of Part A Medicare eligible expenses incurred for hospitalization to the extent not covered by Medicare for each Medicare lifetime inpatient reserve day used;
 - (3) Upon exhaustion of the Medicare hospital inpatient coverage, including the lifetime reserve days, coverage of one hundred percent (100%) of the Medicare Part A eligible expenses for hospitalization paid at the applicable prospective payment system (PPS) rate, or other appropriate Medicare standard of payment, subject to a lifetime maximum benefit of an additional 365 days. The provider shall accept the issuer’s payment as payment in full and may not bill the insured for any balance;

Drafting Note: The issuer is required to pay whatever amount Medicare would have paid as if Medicare was covering the hospitalization. The “or other appropriate Medicare standard of payment” provision means the manner in which Medicare would have paid. The issuer stands in the place of Medicare, and so the provider must accept the issuer’s payment as payment in full. The Outline of Coverage specifies that the beneficiary will pay “\$0,” and the provider cannot balance bill the insured.

- (4) Coverage under Medicare Parts A and B for the reasonable cost of the first three (3) pints of blood (or equivalent quantities of packed red blood cells, as defined under federal regulations) unless replaced in accordance with federal regulations;
- (5) Coverage for the coinsurance amount, or in the case of hospital outpatient department services paid under a prospective payment system, the co-payment amount, of Medicare eligible expenses under Part B regardless of hospital confinement, subject to the Medicare Part B deductible;

- (6) Hospice Care: Coverage of cost sharing for all Part A Medicare eligible hospice care and respite care expenses.

Drafting Note: In all cases involving hospital outpatient department services paid under a prospective payment system, the issuer is required to pay the co-payment amount established by CMS, which will be either the amount established for the Ambulatory Payment Classification (APC) group, or a provider-elected reduced co-payment amount.

- C. Standards for Additional Benefits. The following additional benefits shall be included in Medicare supplement benefit Plans B, C, D, F, F with High Deductible, G, M, and N as provided by Section 9.1 of this regulation.

Drafting Note: Benefits for Plans K and L are set by The Medicare Prescription Drug, Improvement and Modernization Act of 2003, and can be found in Sections 9.1E(8) and (9) of this regulation

- (1) Medicare Part A Deductible: Coverage for one hundred percent (100%) of the Medicare Part A inpatient hospital deductible amount per benefit period.
- (2) Medicare Part A Deductible: Coverage for fifty percent (50%) of the Medicare Part A inpatient hospital deductible amount per benefit period.
- (3) Skilled Nursing Facility Care: Coverage for the actual billed charges up to the coinsurance amount from the 21st day through the 100th day in a Medicare benefit period for post-hospital skilled nursing facility care eligible under Medicare Part A.
- (4) Medicare Part B Deductible: Coverage for one hundred percent (100%) of the Medicare Part B deductible amount per calendar year regardless of hospital confinement.
- (5) One Hundred Percent (100%) of the Medicare Part B Excess Charges: Coverage for all of the difference between the actual Medicare Part B charges as billed, not to exceed any charge limitation established by the Medicare program or state law, and the Medicare-approved Part B charge.
- (6) Medically Necessary Emergency Care in a Foreign Country: Coverage to the extent not covered by Medicare for eighty percent (80%) of the billed charges for Medicare-eligible expenses for medically necessary emergency hospital, physician and medical care received in a foreign country, which care would have been covered by Medicare if provided in the United States and which care began during the first sixty (60) consecutive days of each trip outside the United States, subject to a calendar year deductible of \$250, and a lifetime maximum benefit of \$50,000. For purposes of this benefit, “emergency care” shall mean care needed immediately because of an injury or an illness of sudden and unexpected onset.

Drafting Note: The Omnibus Budget Reconciliation Act 1990, 42 U.S.C. § 1395ss(p)(7), does not prohibit the issuers of Medicare supplement policies, through an arrangement with a vendor for discounts from the vendor, from making available discounts from the vendor to the policyholder or certificate holder for the purchase of items or services not covered under its Medicare supplement policies (for example: discounts on hearing aids or eyeglasses).

Drafting Note: The descriptions of Plans K and L are contained in Section 9.1E(8) and (9) of this regulation.

Section 9. Standard Medicare Supplement Benefit Plans for 1990 Standardized Medicare Supplement Benefit Plan Policies or Certificates Issued for Delivery on or After [insert effective date adopted by state] and Prior to June 1, 2010

Drafting Note: This section has been retained for transitional purposes. The purpose of this Section is to govern policies issued subsequent to the adoption of 1990 Standardized benefit plans and prior to June 1, 2010. Standards for 2010 Standardized benefit plans issued for effective dates on or after June 1, 2010 are included in Section 9.1 of this regulation.

- A. An issuer shall make available to each prospective policyholder and certificate holder a policy form or certificate form containing only the basic core benefits, as defined in Section 8B of this regulation.
- B. No groups, packages or combinations of Medicare supplement benefits other than those listed in this section shall be offered for sale in this state, except as may be permitted in Section 9G and in Section 10 of this regulation.
- C. Benefit plans shall be uniform in structure, language, designation and format to the standard benefit plans “A” through “L” listed in this subsection and conform to the definitions in Section 4 of this regulation. Each benefit shall be structured in accordance with the format provided in Sections 8B and 8C, or 8D and list the benefits in the order shown in this subsection. For purposes of this section, “structure, language, and format” means style, arrangement and overall content of a benefit.
- D. An issuer may use, in addition to the benefit plan designations required in Subsection C, other designations to the extent permitted by law.

Drafting Note: It is anticipated that if a state determines that it will authorize the sale of only some of these benefit plans, the letter codes used in this regulation will be preserved. The Guide to Health Insurance for People with Medicare published jointly by the NAIC and CMS will contain a chart comparing the possible combinations. In order for consumers to compare specific policy choices, it will be important that a uniform “naming” system be used. Thus, if only plans “A,” “B,” “D,” “F” (including F with a high deductible) and “H” (for example) are authorized in a state, these plans should retain these alphabetical designations. However, an issuer may use, in addition to these alphabetical designations, other designations as provided in Section 9D of this regulation.

- E. Make-up of benefit plans:
 - (1) Standardized Medicare supplement benefit plan “A” shall be limited to the basic (core) benefits common to all benefit plans, as defined in Section 8B of this regulation.
 - (2) Standardized Medicare supplement benefit plan “B” shall include only the following: The core benefit as defined in Section 8B of this regulation, plus the Medicare Part A deductible as defined in Section 8C(1).
 - (3) Standardized Medicare supplement benefit plan “C” shall include only the following: The core benefit as defined in Section 8B of this regulation, plus the Medicare Part A deductible, skilled nursing facility care, Medicare Part B deductible and medically necessary emergency care in a foreign country as defined in Sections 8C(1), (2), (3) and (8) respectively.
 - (4) Standardized Medicare supplement benefit plan “D” shall include only the following: The core benefit (as defined in Section 8B of this regulation), plus the Medicare Part A deductible, skilled nursing facility care, medically necessary emergency care in an foreign country and the at-home recovery benefit as defined in Sections 8C(1), (2), (8) and (10) respectively.
 - (5) Standardized Medicare supplement benefit plan “E” shall include only the following: The core benefit as defined in Section 8B of this regulation, plus

the Medicare Part A deductible, skilled nursing facility care, medically necessary emergency care in a foreign country and preventive medical care as defined in Sections 8C(1), (2), (8) and (9) respectively.

- (6) Standardized Medicare supplement benefit plan “F” shall include only the following: The core benefit as defined in Section 8B of this regulation, plus the Medicare Part A deductible, the skilled nursing facility care, the Part B deductible, one hundred percent (100%) of the Medicare Part B excess charges, and medically necessary emergency care in a foreign country as defined in Sections 8C(1), (2), (3), (5) and (8) respectively.
- (7) Standardized Medicare supplement benefit high deductible plan “F” shall include only the following: 100% of covered expenses following the payment of the annual high deductible plan “F” deductible. The covered expenses include the core benefit as defined in Section 8B of this regulation, plus the Medicare Part A deductible, skilled nursing facility care, the Medicare Part B deductible, one hundred percent (100%) of the Medicare Part B excess charges, and medically necessary emergency care in a foreign country as defined in Sections 8C(1), (2), (3), (5) and (8) respectively. The annual high deductible plan “F” deductible shall consist of out-of-pocket expenses, other than premiums, for services covered by the Medicare supplement plan “F” policy, and shall be in addition to any other specific benefit deductibles. The annual high deductible Plan “F” deductible shall be \$1500 for 1998 and 1999, and shall be based on the calendar year. It shall be adjusted annually thereafter by the Secretary to reflect the change in the Consumer Price Index for all urban consumers for the twelve-month period ending with August of the preceding year, and rounded to the nearest multiple of \$10.
- (8) Standardized Medicare supplement benefit plan “G” shall include only the following: The core benefit as defined in Section 8B of this regulation, plus the Medicare Part A deductible, skilled nursing facility care, eighty percent (80%) of the Medicare Part B excess charges, medically necessary emergency care in a foreign country, and the at-home recovery benefit as defined in Sections 8C(1), (2), (4), (8) and (10) respectively.
- (9) Standardized Medicare supplement benefit plan “H” shall consist of only the following: The core benefit as defined in Section 8B of this regulation, plus the Medicare Part A deductible, skilled nursing facility care, basic prescription drug benefit and medically necessary emergency care in a foreign country as defined in Sections 8C(1), (2), (6) and (8) respectively. The outpatient prescription drug benefit shall not be included in a Medicare supplement policy sold after December 31, 2005.
- (10) Standardized Medicare supplement benefit plan “I” shall consist of only the following: The core benefit as defined in Section 8B of this regulation, plus the Medicare Part A deductible, skilled nursing facility care, one hundred percent (100%) of the Medicare Part B excess charges, basic prescription drug benefit, medically necessary emergency care in a foreign country and at-home recovery benefit as defined in Sections 8C(1), (2), (5), (6), (8) and (10) respectively. The outpatient prescription drug benefit shall not be included in a Medicare supplement policy sold after December 31, 2005.

- (11) Standardized Medicare supplement benefit plan “J” shall consist of only the following: The core benefit as defined in Section 8B of this regulation, plus the Medicare Part A deductible, skilled nursing facility care, Medicare Part B deductible, one hundred percent (100%) of the Medicare Part B excess charges, extended prescription drug benefit, medically necessary emergency care in a foreign country, preventive medical care and at-home recovery benefit as defined in Sections 8C(1), (2), (3), (5), (7), (8), (9) and (10) respectively. The outpatient prescription drug benefit shall not be included in a Medicare supplement policy sold after December 31, 2005.
 - (12) Standardized Medicare supplement benefit high deductible plan “J” shall consist of only the following: 100% of covered expenses following the payment of the annual high deductible plan “J” deductible. The covered expenses include the core benefit as defined in Section 8B of this regulation, plus the Medicare Part A deductible, skilled nursing facility care, Medicare Part B deductible, one hundred percent (100%) of the Medicare Part B excess charges, extended outpatient prescription drug benefit, medically necessary emergency care in a foreign country, preventive medical care benefit and at-home recovery benefit as defined in Sections 8C(1), (2), (3), (5), (7), (8), (9) and (10) respectively. The annual high deductible plan “J” deductible shall consist of out-of-pocket expenses, other than premiums, for services covered by the Medicare supplement plan “J” policy, and shall be in addition to any other specific benefit deductibles. The annual deductible shall be \$1500 for 1998 and 1999, and shall be based on a calendar year. It shall be adjusted annually thereafter by the Secretary to reflect the change in the Consumer Price Index for all urban consumers for the twelve-month period ending with August of the preceding year, and rounded to the nearest multiple of \$10. The outpatient prescription drug benefit shall not be included in a Medicare supplement policy sold after December 31, 2005.
- F. Make-up of two Medicare supplement plans mandated by The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA);
- (1) Standardized Medicare supplement benefit plan “K” shall consist of only those benefits described in Section 8 D(1).
 - (2) Standardized Medicare supplement benefit plan “L” shall consist of only those benefits described in Section 8 D(2).
- G. New or Innovative Benefits: An issuer may, with the prior approval of the commissioner, offer policies or certificates with new or innovative benefits in addition to the benefits provided in a policy or certificate that otherwise complies with the applicable standards. The new or innovative benefits may include benefits that are appropriate to Medicare supplement insurance, new or innovative, not otherwise available, cost-effective, and offered in a manner that is consistent with the goal of simplification of Medicare supplement policies. After December 31, 2005, the innovative benefit shall not include an outpatient prescription drug benefit.

Drafting Note: Use of new or innovative benefits may be appropriate to add coverage or access if they offer uniquely different or significantly expanded coverage.

Drafting Note: A state may determine by statute or regulation which of the above benefit plans may be sold in that state. The core benefit plan must be made available by all issuers. Therefore, the core benefit plan must be one of the authorized benefit plans adopted by a state. In no event, however, may a state authorize the sale of more than 10 standardized Medicare supplement benefit plans (that is, 9 plus the core policy), plus the two (2) high deductible plans, and the two (2) benefit plans K and L, mandated by MMA at the same time. Further, the modified versions of plans H, I, J as required by MMA after December 31, 2005 will not count as additional plans toward the limitations on the total number of plans discussed above.

Drafting Note: The Omnibus Budget Reconciliation Act of 1990 preempts state mandated benefits in Medicare supplement policies or certificates, except for those states which have been granted a waiver for non-standardized plans.

Drafting Note: After December 31, 2005, MMA prohibits Medicare supplement issuers from offering policies with outpatient prescription drug coverage, and from renewing outpatient prescription drug coverage for insureds enrolled in Medicare Part D. Consequently, plans with an outpatient prescription drug benefit will not be offered to new enrollees after that time.

Drafting Note: Pursuant to the enactment of MMA, two new benefit packages, called K and L, were added to plans A through J. The two new packages have higher co-payments and coinsurance contributions from the Medicare beneficiary.

Section 9.1 Standard Medicare Supplement Benefit Plans for 2010 Standardized Medicare Supplement Benefit Plan Policies or Certificates Issued for Delivery on or After June 1, 2010

The following standards are applicable to all Medicare supplement policies or certificates delivered or issued for delivery in this state on or after June 1, 2010. No policy or certificate may be advertised, solicited, delivered or issued for delivery in this state as a Medicare supplement policy or certificate unless it complies with these benefit plan standards. Benefit plan standards applicable to Medicare supplement policies and certificates issued before June 1, 2010 remain subject to the requirements of [-insert proper citation-].

Drafting Note. Each state should insert the proper citation(s) to its statutes or rules that govern Medicare supplement insurance policies and certificates issued prior to the June 1, 2010 effective date of the 2010 Standardized benefit plan standards found in Sections 8.1 and 9.1 of this regulation. It is recommended that each state's applicable statutes or rules for Medicare supplement benefit plans for policies and certificates issued prior to June 1, 2010 be retained and that this section of the Model be adopted in its entirety as a new section to govern policies and certificates issued on and after June 1, 2010. (The benefit plan standards of the Medicare Supplement Model Regulation for policies issued prior to June 1, 2010 are found in Section 9 of this regulation.)

- A. (1) An issuer shall make available to each prospective policyholder and certificate holder a policy form or certificate form containing only the basic (core) benefits, as defined in Section 8.1B of this regulation.
- (2) If an issuer makes available any of the additional benefits described in Section 8.1C, or offers standardized benefit Plans K or L (as described in Sections 9.1E(8) and (9) of this regulation), then the issuer shall make available to each prospective policyholder and certificate holder, in addition to a policy form or certificate form with only the basic (core) benefits as described in subsection A(1) above, a policy form or certificate form containing either standardized benefit Plan C (as described in Section 9.1E(3) of this regulation) or standardized benefit Plan F (as described in 9.1E(5) of this regulation).
- B. No groups, packages or combinations of Medicare supplement benefits other than those listed in this Section shall be offered for sale in this state, except as may be permitted in Section 9.1F and in Section 10 of this regulation.
- C. Benefit plans shall be uniform in structure, language, designation and format to the standard benefit plans listed in this Subsection and conform to the definitions in Section 4 of this regulation. Each benefit shall be structured in accordance with the

format provided in Sections 8.1B and 8.1C of this regulation; or, in the case of plans K or L, in Sections 9.1E(8) or (9) of this regulation and list the benefits in the order shown. For purposes of this Section, “structure, language, and format” means style, arrangement and overall content of a benefit.

- D. In addition to the benefit plan designations required in Subsection C of this section, an issuer may use other designations to the extent permitted by law.

Drafting Note: It is anticipated that if a state determines that it will authorize the sale of only some of these benefit plans, the letter codes used in this regulation will be preserved. The Guide to Health Insurance for People with Medicare published jointly by the NAIC and CMS will contain a chart comparing the possible combinations. In order for consumers to compare specific policy choices, it will be important that a uniform “naming” system be used. Thus, if only Plans A, B, D, F, F with High Deductible, and K (for example) are authorized in a state, these plans must retain their alphabetical designations. An issuer may use, in addition to these alphabetical designations, other designations as provided in Section 9.1D of this regulation.

E. Make-up of 2010 Standardized Benefit Plans:

- (1) Standardized Medicare supplement benefit Plan A shall include only the following: The basic (core) benefits as defined in Section 8.1B of this regulation.
- (2) Standardized Medicare supplement benefit Plan B shall include only the following: The basic (core) benefit as defined in Section 8.1B of this regulation, plus one hundred percent (100%) of the Medicare Part A deductible as defined in Section 8.1C(1) of this regulation.
- (3) Standardized Medicare supplement benefit Plan C shall include only the following: The basic (core) benefit as defined in Section 8.1B of this regulation, plus one hundred percent (100%) of the Medicare Part A deductible, skilled nursing facility care, one hundred percent (100%) of the Medicare Part B deductible, and medically necessary emergency care in a foreign country as defined in Sections 8.1C(1), (3), (4), and (6) of this regulation, respectively.
- (4) Standardized Medicare supplement benefit Plan D shall include only the following: The basic (core) benefit (as defined in Section 8.1B of this regulation), plus one hundred percent (100%) of the Medicare Part A deductible, skilled nursing facility care, and medically necessary emergency care in an foreign country as defined in Sections 8.1C(1), (3), and (6) of this regulation, respectively.
- (5) Standardized Medicare supplement [regular] Plan F shall include only the following: The basic (core) benefit as defined in Section 8.1B of this regulation, plus one hundred percent (100%) of the Medicare Part A deductible, the skilled nursing facility care, one hundred percent (100%) of the Medicare Part B deductible, one hundred percent (100%) of the Medicare Part B excess charges, and medically necessary emergency care in a foreign country as defined in Sections 8.1C(1), (3), (4), (5), and (6), respectively.
- (6) Standardized Medicare supplement Plan F With High Deductible shall include only the following: one hundred percent (100%) of covered expenses following the payment of the annual deductible set forth in Subparagraph (b).

- (a) The basic (core) benefit as defined in Section 8.1B of this regulation, plus one hundred percent (100%) of the Medicare Part A deductible, skilled nursing facility care, one hundred percent (100%) of the Medicare Part B deductible, one hundred percent (100%) of the Medicare Part B excess charges, and medically necessary emergency care in a foreign country as defined in Sections 8.1C(1), (3), (4), (5), and (6) of this regulation, respectively.
 - (b) The annual deductible in Plan F With High Deductible shall consist of out-of-pocket expenses, other than premiums, for services covered by [regular] Plan F, and shall be in addition to any other specific benefit deductibles. The basis for the deductible shall be \$1,500 and shall be adjusted annually from 1999 by the Secretary of the U.S. Department of Health and Human Services to reflect the change in the Consumer Price Index for all urban consumers for the twelve-month period ending with August of the preceding year, and rounded to the nearest multiple of ten dollars (\$10).
- (7) Standardized Medicare supplement benefit Plan G shall include only the following: The basic (core) benefit as defined in Section 8.1B of this regulation, plus one hundred percent (100%) of the Medicare Part A deductible, skilled nursing facility care, one hundred percent (100%) of the Medicare Part B excess charges, and medically necessary emergency care in a foreign country as defined in Sections 8.1C(1), (3), (5), and (6), respectively.
- (8) Standardized Medicare supplement Plan K is mandated by The Medicare Prescription Drug, Improvement and Modernization Act of 2003, and shall include only the following:
 - (a) Part A Hospital Coinsurance 61st through 90th days: Coverage of one hundred percent (100%) of the Part A hospital coinsurance amount for each day used from the 61st through the 90th day in any Medicare benefit period;
 - (b) Part A Hospital Coinsurance, 91st through 150th days: Coverage of one hundred percent (100%) of the Part A hospital coinsurance amount for each Medicare lifetime inpatient reserve day used from the 91st through the 150th day in any Medicare benefit period;
 - (c) Part A Hospitalization After 150 Days: Upon exhaustion of the Medicare hospital inpatient coverage, including the lifetime reserve days, coverage of one hundred percent (100%) of the Medicare Part A eligible expenses for hospitalization paid at the applicable prospective payment system (PPS) rate, or other appropriate Medicare standard of payment, subject to a lifetime maximum benefit of an additional 365 days. The provider shall accept the issuer's payment as payment in full and may not bill the insured for any balance;
 - (d) Medicare Part A Deductible: Coverage for fifty percent (50%) of the Medicare Part A inpatient hospital deductible amount per benefit period until the out-of-pocket limitation is met as described in Subparagraph (j);

- (e) Skilled Nursing Facility Care: Coverage for fifty percent (50%) of the coinsurance amount for each day used from the 21st day through the 100th day in a Medicare benefit period for post-hospital skilled nursing facility care eligible under Medicare Part A until the out-of-pocket limitation is met as described in Subparagraph (j);
 - (f) Hospice Care: Coverage for fifty percent (50%) of cost sharing for all Part A Medicare eligible expenses and respite care until the out-of-pocket limitation is met as described in Subparagraph (j);
 - (g) Blood: Coverage for fifty percent (50%), under Medicare Part A or B, of the reasonable cost of the first three (3) pints of blood (or equivalent quantities of packed red blood cells, as defined under federal regulations) unless replaced in accordance with federal regulations until the out-of-pocket limitation is met as described in Subparagraph (j);
 - (h) Part B Cost Sharing: Except for coverage provided in Subparagraph (i), coverage for fifty percent (50%) of the cost sharing otherwise applicable under Medicare Part B after the policyholder pays the Part B deductible until the out-of-pocket limitation is met as described in Subparagraph (j);
 - (i) Part B Preventive Services: Coverage of one hundred percent (100%) of the cost sharing for Medicare Part B preventive services after the policyholder pays the Part B deductible; and
 - (j) Cost Sharing After Out-of-Pocket Limits: Coverage of one hundred percent (100%) of all cost sharing under Medicare Parts A and B for the balance of the calendar year after the individual has reached the out-of-pocket limitation on annual expenditures under Medicare Parts A and B of \$4000 in 2006, indexed each year by the appropriate inflation adjustment specified by the Secretary of the U.S. Department of Health and Human Services.
- (9) Standardized Medicare supplement Plan L is mandated by The Medicare Prescription Drug, Improvement and Modernization Act of 2003, and shall include only the following:
- (a) The benefits described in Paragraphs 9.1E(8)(a), (b), (c) and (i);
 - (b) The benefit described in Paragraphs 9.1E(8)(d), (e), (f), (g) and (h), but substituting seventy-five percent (75%) for fifty percent (50%); and
 - (c) The benefit described in Paragraph 9.1E(8)(j), but substituting \$2000 for \$4000.
- (10) Standardized Medicare supplement Plan M shall include only the following: The basic (core) benefit as defined in Section 8.1B of this regulation, plus fifty percent (50%) of the Medicare Part A deductible, skilled nursing facility care, and medically necessary emergency care in a foreign country as defined in Sections 8.1C(2), (3) and (6) of this regulation, respectively.

- (11) Standardized Medicare supplement Plan N shall include only the following: The basic (core) benefit as defined in Section 8.1B of this regulation, plus one hundred percent (100%) of the Medicare Part A deductible, skilled nursing facility care, and medically necessary emergency care in a foreign country as defined in Sections 8.1C(1), (3) and (6) of this regulation, respectively, with co-payments in the following amounts:
- (a) the lesser of twenty dollars (\$20) or the Medicare Part B coinsurance or co-payment for each covered health care provider office visit (including visits to medical specialists); and
 - (b) the lesser of fifty dollars (\$50) or the Medicare Part B coinsurance or co-payment for each covered emergency room visit, however, this co-payment shall be waived if the insured is admitted to any hospital and the emergency visit is subsequently covered as a Medicare Part A expense.

Drafting Note: The NAIC expects to periodically review the co-payment levels for Medicare supplement Plan N and make adjustments to this regulation as necessary.

- F. New or Innovative Benefits: An issuer may, with the prior approval of the [commissioner], offer policies or certificates with new or innovative benefits, in addition to the standardized benefits provided in a policy or certificate that otherwise complies with the applicable standards. The new or innovative benefits shall include only benefits that are appropriate to Medicare supplement insurance, are new or innovative, are not otherwise available, and are cost-effective. Approval of new or innovative benefits must not adversely impact the goal of Medicare supplement simplification. New or innovative benefits shall not include an outpatient prescription drug benefit. New or innovative benefits shall not be used to change or reduce benefits, including a change of any cost-sharing provision, in any standardized plan.

Drafting Note: Recognizing the challenge in maintaining standardization while ensuring availability of new or innovative benefits, the drafters have included additional guidance to states in the NAIC Medicare Supplement Insurance Model Regulation Compliance Manual. This guidance includes a recommendation that states consider making publicly available all approved new or innovative benefits, and requests states to report the approval of all new or innovative benefits to the NAIC Senior Issues Task Force, who will maintain a record of these benefits for use by regulators and others. The Senior Issues Task Force will periodically review state approved benefits and consider whether to recommend that they be made part of standard benefit plan designs in this regulation.

Drafting Note: A state may determine by statute or regulation which of the above benefit plans may be sold in that state. Plan A, which consists of the basic (core) benefits must be made available by all issuers. Therefore, Plan A must be one of the authorized benefit plans adopted by a state. If an issuer offers any benefit plan in addition to Plan A, then the issuer must also offer either Plan C or Plan F. Therefore, if any benefit plan is authorized by a state other than Plan A, then either Plan C or Plan F must be among the authorized benefit plans adopted by a state. Except where a new or innovative benefit is approved by the [commissioner] for sale in a state, a state may not authorize the sale of any Medicare supplement plan other than the standardized Medicare supplement benefit plans (that is, Plans A, B, C, D, F, F With High Deductible, G, K, L, M and N) set forth in this regulation.

Drafting Note: The Omnibus Budget Reconciliation Act of 1990 preempts state mandated benefits in Medicare supplement policies or certificates, except for those states which have been granted a waiver for non-standardized plans.

Section 10. Medicare Select Policies and Certificates

- A. (1) This section shall apply to Medicare Select policies and certificates, as defined in this section.

Drafting Note: This section should be adopted by all states approving Medicare Select policies.

- (2) No policy or certificate may be advertised as a Medicare Select policy or certificate unless it meets the requirements of this section.
- B. For the purposes of this section:
 - (1) “Complaint” means any dissatisfaction expressed by an individual concerning a Medicare Select issuer or its network providers.
 - (2) “Grievance” means dissatisfaction expressed in writing by an individual insured under a Medicare Select policy or certificate with the administration, claims practices, or provision of services concerning a Medicare Select issuer or its network providers.
 - (3) “Medicare Select issuer” means an issuer offering, or seeking to offer, a Medicare Select policy or certificate.
 - (4) “Medicare Select policy” or “Medicare Select certificate” mean respectively a Medicare supplement policy or certificate that contains restricted network provisions.
 - (5) “Network provider” means a provider of health care, or a group of providers of health care, which has entered into a written agreement with the issuer to provide benefits insured under a Medicare Select policy.
 - (6) “Restricted network provision” means any provision which conditions the payment of benefits, in whole or in part, on the use of network providers.
 - (7) “Service area” means the geographic area approved by the commissioner within which an issuer is authorized to offer a Medicare Select policy.
- C. The commissioner may authorize an issuer to offer a Medicare Select policy or certificate, pursuant to this section and Section 4358 of the Omnibus Budget Reconciliation Act (OBRA) of 1990 if the commissioner finds that the issuer has satisfied all of the requirements of this regulation.
- D. A Medicare Select issuer shall not issue a Medicare Select policy or certificate in this state until its plan of operation has been approved by the commissioner.
- E. A Medicare Select issuer shall file a proposed plan of operation with the commissioner in a format prescribed by the commissioner. The plan of operation shall contain at least the following information:
 - (1) Evidence that all covered services that are subject to restricted network provisions are available and accessible through network providers, including a demonstration that:
 - (a) Services can be provided by network providers with reasonable promptness with respect to geographic location, hours of operation and after-hour care. The hours of operation and availability of after-hour care shall reflect usual practice in the local area. Geographic availability shall reflect the usual travel times within the community.

- (b) The number of network providers in the service area is sufficient, with respect to current and expected policyholders, either:
 - (i) To deliver adequately all services that are subject to a restricted network provision; or
 - (ii) To make appropriate referrals.
 - (c) There are written agreements with network providers describing specific responsibilities.
 - (d) Emergency care is available twenty-four (24) hours per day and seven (7) days per week.
 - (e) In the case of covered services that are subject to a restricted network provision and are provided on a prepaid basis, there are written agreements with network providers prohibiting the providers from billing or otherwise seeking reimbursement from or recourse against any individual insured under a Medicare Select policy or certificate. This paragraph shall not apply to supplemental charges or coinsurance amounts as stated in the Medicare Select policy or certificate.
 - (2) A statement or map providing a clear description of the service area.
 - (3) A description of the grievance procedure to be utilized.
 - (4) A description of the quality assurance program, including:
 - (a) The formal organizational structure;
 - (b) The written criteria for selection, retention and removal of network providers; and
 - (c) The procedures for evaluating quality of care provided by network providers, and the process to initiate corrective action when warranted.
 - (5) A list and description, by specialty, of the network providers.
 - (6) Copies of the written information proposed to be used by the issuer to comply with Subsection I.
 - (7) Any other information requested by the commissioner.
- F.
- (1) A Medicare Select issuer shall file any proposed changes to the plan of operation, except for changes to the list of network providers, with the commissioner prior to implementing the changes. Changes shall be considered approved by the commissioner after thirty (30) days unless specifically disapproved.
 - (2) An updated list of network providers shall be filed with the commissioner at least quarterly.

- G. A Medicare Select policy or certificate shall not restrict payment for covered services provided by non-network providers if:
- (1) The services are for symptoms requiring emergency care or are immediately required for an unforeseen illness, injury or a condition; and
 - (2) It is not reasonable to obtain services through a network provider.
- H. A Medicare Select policy or certificate shall provide payment for full coverage under the policy for covered services that are not available through network providers.
- I. A Medicare Select issuer shall make full and fair disclosure in writing of the provisions, restrictions and limitations of the Medicare Select policy or certificate to each applicant. This disclosure shall include at least the following:
- (1) An outline of coverage sufficient to permit the applicant to compare the coverage and premiums of the Medicare Select policy or certificate with:
 - (a) Other Medicare supplement policies or certificates offered by the issuer; and
 - (b) Other Medicare Select policies or certificates.
 - (2) A description (including address, phone number and hours of operation) of the network providers, including primary care physicians, specialty physicians, hospitals and other providers.
 - (3) A description of the restricted network provisions, including payments for coinsurance and deductibles when providers other than network providers are utilized. Except to the extent specified in the policy or certificate, expenses incurred when using out-of-network providers do not count toward the out-of-pocket annual limit contained in plans K and L.
 - (4) A description of coverage for emergency and urgently needed care and other out-of-service area coverage.
 - (5) A description of limitations on referrals to restricted network providers and to other providers.
 - (6) A description of the policyholder's rights to purchase any other Medicare supplement policy or certificate otherwise offered by the issuer.
 - (7) A description of the Medicare Select issuer's quality assurance program and grievance procedure.
- J. Prior to the sale of a Medicare Select policy or certificate, a Medicare Select issuer shall obtain from the applicant a signed and dated form stating that the applicant has received the information provided pursuant to Subsection I of this section and that the applicant understands the restrictions of the Medicare Select policy or certificate.

- K. A Medicare Select issuer shall have and use procedures for hearing complaints and resolving written grievances from the subscribers. The procedures shall be aimed at mutual agreement for settlement and may include arbitration procedures.
- (1) The grievance procedure shall be described in the policy and certificates and in the outline of coverage.
 - (2) At the time the policy or certificate is issued, the issuer shall provide detailed information to the policyholder describing how a grievance may be registered with the issuer.
 - (3) Grievances shall be considered in a timely manner and shall be transmitted to appropriate decision-makers who have authority to fully investigate the issue and take corrective action.
 - (4) If a grievance is found to be valid, corrective action shall be taken promptly.
 - (5) All concerned parties shall be notified about the results of a grievance.
 - (6) The issuer shall report no later than each March 31st to the commissioner regarding its grievance procedure. The report shall be in a format prescribed by the commissioner and shall contain the number of grievances filed in the past year and a summary of the subject, nature and resolution of such grievances.
- L. At the time of initial purchase, a Medicare Select issuer shall make available to each applicant for a Medicare Select policy or certificate the opportunity to purchase any Medicare supplement policy or certificate otherwise offered by the issuer.
- M. (1) At the request of an individual insured under a Medicare Select policy or certificate, a Medicare Select issuer shall make available to the individual insured the opportunity to purchase a Medicare supplement policy or certificate offered by the issuer which has comparable or lesser benefits and which does not contain a restricted network provision. The issuer shall make the policies or certificates available without requiring evidence of insurability after the Medicare Select policy or certificate has been in force for six (6) months.
- (2) For the purposes of this subsection, a Medicare supplement policy or certificate will be considered to have comparable or lesser benefits unless it contains one or more significant benefits not included in the Medicare Select policy or certificate being replaced. For the purposes of this paragraph, a significant benefit means coverage for the Medicare Part A deductible, coverage for at-home recovery services or coverage for Part B excess charges.
- N. Medicare Select policies and certificates shall provide for continuation of coverage in the event the Secretary of Health and Human Services determines that Medicare Select policies and certificates issued pursuant to this section should be discontinued due to either the failure of the Medicare Select Program to be reauthorized under law or its substantial amendment.
- (1) Each Medicare Select issuer shall make available to each individual insured under a Medicare Select policy or certificate the opportunity to purchase any Medicare supplement policy or certificate offered by the issuer which has

comparable or lesser benefits and which does not contain a restricted network provision. The issuer shall make the policies and certificates available without requiring evidence of insurability.

- (2) For the purposes of this subsection, a Medicare supplement policy or certificate will be considered to have comparable or lesser benefits unless it contains one or more significant benefits not included in the Medicare Select policy or certificate being replaced. For the purposes of this paragraph, a significant benefit means coverage for the Medicare Part A deductible, coverage for at-home recovery services or coverage for Part B excess charges.
- O. A Medicare Select issuer shall comply with reasonable requests for data made by state or federal agencies, including the United States Department of Health and Human Services, for the purpose of evaluating the Medicare Select Program.

Section 11. Open Enrollment

- A. An issuer shall not deny or condition the issuance or effectiveness of any Medicare supplement policy or certificate available for sale in this state, nor discriminate in the pricing of a policy or certificate because of the health status, claims experience, receipt of health care, or medical condition of an applicant in the case of an application for a policy or certificate that is submitted prior to or during the six (6) month period beginning with the first day of the first month in which an individual is both 65 years of age or older and is enrolled for benefits under Medicare Part B. Each Medicare supplement policy and certificate currently available from an insurer shall be made available to all applicants who qualify under this subsection without regard to age.
- B.
 - (1) If an applicant qualifies under Subsection A and submits an application during the time period referenced in Subsection A and, as of the date of application, has had a continuous period of creditable coverage of at least six (6) months, the issuer shall not exclude benefits based on a preexisting condition.
 - (2) If the applicant qualifies under Subsection A and submits an application during the time period referenced in Subsection A and, as of the date of application, has had a continuous period of creditable coverage that is less than six (6) months, the issuer shall reduce the period of any preexisting condition exclusion by the aggregate of the period of creditable coverage applicable to the applicant as of the enrollment date. The Secretary shall specify the manner of the reduction under this subsection.

Drafting Note: The Secretary has developed regulations pursuant to HIPAA regarding methods of counting creditable coverage, which govern the way the reduction is to be applied in Section 11B(2).

- C. Except as provided in Subsection B and Sections 12 and 23, Subsection A shall not be construed as preventing the exclusion of benefits under a policy, during the first six (6) months, based on a preexisting condition for which the policyholder or certificate holder received treatment or was otherwise diagnosed during the six (6) months before the coverage became effective.

Section 12. Guaranteed Issue for Eligible Persons

A. Guaranteed Issue.

- (1) Eligible persons are those individuals described in Subsection B who seek to enroll under the policy during the period specified in Subsection C, and who submit evidence of the date of termination, disenrollment, or Medicare Part D enrollment with the application for a Medicare supplement policy.
- (2) With respect to eligible persons, an issuer shall not deny or condition the issuance or effectiveness of a Medicare supplement policy described in Subsection E that is offered and is available for issuance to new enrollees by the issuer, shall not discriminate in the pricing of such a Medicare supplement policy because of health status, claims experience, receipt of health care, or medical condition, and shall not impose an exclusion of benefits based on a preexisting condition under such a Medicare supplement policy.

B. Eligible Persons. An eligible person is an individual described in any of the following paragraphs:

- (1) The individual is enrolled under an employee welfare benefit plan that provides health benefits that supplement the benefits under Medicare; and the plan terminates, or the plan ceases to provide all such supplemental health benefits to the individual;

Drafting Note: Paragraph (1) above uses the federal legislative language from the Balanced Budget Act of 1997 (P.L. 105-33) that defines an eligible person as an individual with respect to whom an employee welfare benefit plan terminates, or ceases to provide “all” health benefits that supplement Medicare. There was protracted discussion among the drafters about the interpretation of “all” in this context: if the employer drops some supplemental benefits, but not all such benefits, from its welfare plan, should the individual be eligible for a guaranteed issue Medicare supplement product? This question may become crucial to certain individuals depending on the benefits dropped by the employer. Federal legislative history appears to indicate the intention that the word “all” be strictly construed so as to require termination or cessation of all supplemental health benefits. States, however, can provide greater protections to beneficiaries and may wish to include, as eligible persons, individuals who have lost “some or all” or “substantially all” of their supplemental health benefits, to encompass situations where a change is made in an employee welfare benefit plan that reduces the amount of supplemental health benefits available to the individual. States that consider alternative language are reminded to consider the impact of issues such as plan changes that result in adverse selection, duplicate coverage, triggering the requirement for plan administrator notice (see Section 12D) and other issues.

- (2) The individual is enrolled with a Medicare Advantage organization under a Medicare Advantage plan under part C of Medicare, and any of the following circumstances apply, or the individual is 65 years of age or older and is enrolled with a Program of All-Inclusive Care for the Elderly (PACE) provider under Section 1894 of the Social Security Act, and there are circumstances similar to those described below that would permit discontinuance of the individual's enrollment with such provider if such individual were enrolled in a Medicare Advantage plan:
 - (a) The certification of the organization or plan has been terminated;
 - (b) The organization has terminated or otherwise discontinued providing the plan in the area in which the individual resides;
 - (c) The individual is no longer eligible to elect the plan because of a change in the individual's place of residence or other change in

circumstances specified by the Secretary, but not including termination of the individual's enrollment on the basis described in Section 1851(g)(3)(B) of the federal Social Security Act (where the individual has not paid premiums on a timely basis or has engaged in disruptive behavior as specified in standards under Section 1856), or the plan is terminated for all individuals within a residence area;

(d) The individual demonstrates, in accordance with guidelines established by the Secretary, that:

(i) The organization offering the plan substantially violated a material provision of the organization's contract under this part in relation to the individual, including the failure to provide an enrollee on a timely basis medically necessary care for which benefits are available under the plan or the failure to provide such covered care in accordance with applicable quality standards; or

(ii) The organization, or agent or other entity acting on the organization's behalf, materially misrepresented the plan's provisions in marketing the plan to the individual; or

(e) The individual meets such other exceptional conditions as the Secretary may provide.

(3) (a) The individual is enrolled with:

(i) An eligible organization under a contract under Section 1876 of the Social Security Act (Medicare cost);

(ii) A similar organization operating under demonstration project authority, effective for periods before April 1, 1999;

(iii) An organization under an agreement under Section 1833(a)(1)(A) of the Social Security Act (health care prepayment plan); or

(iv) An organization under a Medicare Select policy; and

(b) The enrollment ceases under the same circumstances that would permit discontinuance of an individual's election of coverage under Section 12B(2).

Drafting Note: Paragraph (3)(a)(iv) above is not required if there is a provision in state law or regulation that provides for the continuation or conversion of Medicare Select policies or certificates.

(4) The individual is enrolled under a Medicare supplement policy and the enrollment ceases because:

(a) (i) Of the insolvency of the issuer or bankruptcy of the non-issuer organization; or

- (ii) Of other involuntary termination of coverage or enrollment under the policy;
- (b) The issuer of the policy substantially violated a material provision of the policy; or
- (c) The issuer, or an agent or other entity acting on the issuer's behalf, materially misrepresented the policy's provisions in marketing the policy to the individual;

Drafting Note: The reference to “insolvency of the issuer” in Paragraph 4(a) above is not required if there is a provision in state law or regulation that provides for the continuation or conversion of Medicare supplement policies or certificates.

- (5)
 - (a) The individual was enrolled under a Medicare supplement policy and terminates enrollment and subsequently enrolls, for the first time, with any Medicare Advantage organization under a Medicare Advantage plan under part C of Medicare, any eligible organization under a contract under Section 1876 of the Social Security Act (Medicare cost), any similar organization operating under demonstration project authority, any PACE provider under Section 1894 of the Social Security Act or a Medicare Select policy; and
 - (b) The subsequent enrollment under subparagraph (a) is terminated by the enrollee during any period within the first twelve (12) months of such subsequent enrollment (during which the enrollee is permitted to terminate such subsequent enrollment under Section 1851(e) of the federal Social Security Act); or
- (6) The individual, upon first becoming eligible for benefits under part A of Medicare at age 65, enrolls in a Medicare Advantage plan under part C of Medicare, or with a PACE provider under Section 1894 of the Social Security Act, and disenrolls from the plan or program by not later than twelve (12) months after the effective date of enrollment.
- (7) The individual enrolls in a Medicare Part D plan during the initial enrollment period and, at the time of enrollment in Part D, was enrolled under a Medicare supplement policy that covers outpatient prescription drugs and the individual terminates enrollment in the Medicare supplement policy and submits evidence of enrollment in Medicare Part D along with the application for a policy described in Subsection E(4).

Drafting Note: Federal law provides a guaranteed issue right to a Medicare supplement insurance product to individuals who enroll in Medicare Part B at age 65. States may wish to consider extending this right to other classes of individuals, such as those who postpone enrollment in Medicare Part B until after age 65 because they are working and are enrolled in a group health insurance plan.

Drafting Note: Paragraph (7) does not preclude an individual from applying for a new Medigap policy without drug coverage while still enrolled in the policy with drug coverage. The issuer will terminate the drug policy when it issues the new policy without drug coverage.

C. Guaranteed Issue Time Periods.

- (1) In the case of an individual described in Subsection B(1), the guaranteed issue period begins on the later of: (i) the date the individual receives a notice of termination or cessation of all supplemental health benefits (or, if a notice is not received, notice that a claim has been denied because of a termination

or cessation); or (ii) the date that the applicable coverage terminates or ceases; and ends sixty-three (63) days thereafter;

- (2) In the case of an individual described in Subsection B(2), B(3), B(5) or B(6) whose enrollment is terminated involuntarily, the guaranteed issue period begins on the date that the individual receives a notice of termination and ends sixty-three (63) days after the date the applicable coverage is terminated;
- (3) In the case of an individual described in Subsection B(4)(a), the guaranteed issue period begins on the earlier of: (i) the date that the individual receives a notice of termination, a notice of the issuer's bankruptcy or insolvency, or other such similar notice if any, and (ii) the date that the applicable coverage is terminated, and ends on the date that is sixty-three (63) days after the date the coverage is terminated;
- (4) In the case of an individual described in Subsection B(2), B(4)(b), B(4)(c), B(5) or B(6) who disenrolls voluntarily, the guaranteed issue period begins on the date that is sixty (60) days before the effective date of the disenrollment and ends on the date that is sixty-three (63) days after the effective date;
- (5) In the case of an individual described in Subsection B(7), the guaranteed issue period begins on the date the individual receives notice pursuant to Section 1882(v)(2)(B) of the Social Security Act from the Medicare supplement issuer during the sixty-day period immediately preceding the initial Part D enrollment period and ends on the date that is sixty-three (63) days after the effective date of the individual's coverage under Medicare Part D; and
- (6) In the case of an individual described in Subsection B but not described in the preceding provisions of this Subsection, the guaranteed issue period begins on the effective date of disenrollment and ends on the date that is sixty-three (63) days after the effective date.

D. Extended Medigap Access for Interrupted Trial Periods.

- (1) In the case of an individual described in Subsection B(5) (or deemed to be so described, pursuant to this paragraph) whose enrollment with an organization or provider described in Subsection B(5)(a) is involuntarily terminated within the first twelve (12) months of enrollment, and who, without an intervening enrollment, enrolls with another such organization or provider, the subsequent enrollment shall be deemed to be an initial enrollment described in Section 12B(5);
- (2) In the case of an individual described in Subsection B(6) (or deemed to be so described, pursuant to this paragraph) whose enrollment with a plan or in a program described in Subsection B(6) is involuntarily terminated within the first twelve (12) months of enrollment, and who, without an intervening enrollment, enrolls in another such plan or program, the subsequent enrollment shall be deemed to be an initial enrollment described in Section 12B(6); and

- (3) For purposes of Subsections B(5) and B(6), no enrollment of an individual with an organization or provider described in Subsection B(5)(a), or with a plan or in a program described in Subsection B(6), may be deemed to be an initial enrollment under this paragraph after the two-year period beginning on the date on which the individual first enrolled with such an organization, provider, plan or program.
- E. Products to Which Eligible Persons are Entitled. The Medicare supplement policy to which eligible persons are entitled under:
- (1) Section 12B(1), (2), (3) and (4) is a Medicare supplement policy which has a benefit package classified as Plan A, B, C, F (including F with a high deductible), K or L offered by any issuer.
 - (2)
 - (a) Subject to Subparagraph (b), Section 12B(5) is the same Medicare supplement policy in which the individual was most recently previously enrolled, if available from the same issuer, or, if not so available, a policy described in Paragraph (1);
 - (b) After December 31, 2005, if the individual was most recently enrolled in a Medicare supplement policy with an outpatient prescription drug benefit, a Medicare supplement policy described in this subparagraph is:
 - (i) The policy available from the same issuer but modified to remove outpatient prescription drug coverage; or
 - (iii) At the election of the policyholder, an A, B, C, F (including F with a high deductible), K or L policy that is offered by any issuer;
 - (3) Section 12B(6) shall include any Medicare supplement policy offered by any issuer;
 - (4) Section 12B(7) is a Medicare supplement policy that has a benefit package classified as Plan A, B, C, F (including F with a high deductible), K or L, and that is offered and is available for issuance to new enrollees by the same issuer that issued the individual's Medicare supplement policy with outpatient prescription drug coverage.

Drafting Note: Under federal law, for states that have an alternative form of standardization under a federal waiver and offer benefit packages other than Plans A, B, C, D, F, F with High Deductible, G, K, L, M and N, the references to benefit packages above are deemed references to comparable benefit packages offered in that state. Those states should amend the language accordingly.

F. Notification provisions.

- (1) At the time of an event described in Subsection B of this section because of which an individual loses coverage or benefits due to the termination of a contract or agreement, policy, or plan, the organization that terminates the contract or agreement, the issuer terminating the policy, or the administrator of the plan being terminated, respectively, shall notify the individual of his or her rights under this section, and of the obligations of issuers of Medicare

supplement policies under Subsection A. Such notice shall be communicated contemporaneously with the notification of termination.

- (2) At the time of an event described in Subsection B of this section because of which an individual ceases enrollment under a contract or agreement, policy, or plan, the organization that offers the contract or agreement, regardless of the basis for the cessation of enrollment, the issuer offering the policy, or the administrator of the plan, respectively, shall notify the individual of his or her rights under this section, and of the obligations of issuers of Medicare supplement policies under Section 12A. Such notice shall be communicated within ten working days of the issuer receiving notification of disenrollment.

Drafting Note: States should ensure that educational and public information materials it develops related to Medicare includes a thorough description of the rights outlined in Section 12F.

Section 13. Standards for Claims Payment

- A. An issuer shall comply with section 1882(c)(3) of the Social Security Act (as enacted by section 4081(b)(2)(C) of the Omnibus Budget Reconciliation Act of 1987 (OBRA) 1987, Pub. L. No. 100-203) by:
 - (1) Accepting a notice from a Medicare carrier on dually assigned claims submitted by participating physicians and suppliers as a claim for benefits in place of any other claim form otherwise required and making a payment determination on the basis of the information contained in that notice;
 - (2) Notifying the participating physician or supplier and the beneficiary of the payment determination;
 - (3) Paying the participating physician or supplier directly;
 - (4) Furnishing, at the time of enrollment, each enrollee with a card listing the policy name, number and a central mailing address to which notices from a Medicare carrier may be sent;
 - (5) Paying user fees for claim notices that are transmitted electronically or otherwise; and
 - (6) Providing to the Secretary of Health and Human Services, at least annually, a central mailing address to which all claims may be sent by Medicare carriers.
- B. Compliance with the requirements set forth in Subsection A above shall be certified on the Medicare supplement insurance experience reporting form.

Section 14. Loss Ratio Standards and Refund or Credit of Premium

- A. Loss Ratio Standards.
 - (1) (a) A Medicare Supplement policy form or certificate form shall not be delivered or issued for delivery unless the policy form or certificate form can be expected, as estimated for the entire period for which rates are computed to provide coverage, to return to policyholders and certificate holders in the form of aggregate benefits (not including

anticipated refunds or credits) provided under the policy form or certificate form:

- (i) At least seventy-five percent (75%) of the aggregate amount of premiums earned in the case of group policies; or
 - (ii) At least sixty-five percent (65%) of the aggregate amount of premiums earned in the case of individual policies;
- (b) Calculated on the basis of incurred claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis and earned premiums for the period and in accordance with accepted actuarial principles and practices. Incurred health care expenses where coverage is provided by a health maintenance organization shall not include:
 - (i) Home office and overhead costs;
 - (ii) Advertising costs;
 - (iii) Commissions and other acquisition costs;
 - (iv) Taxes;
 - (v) Capital costs;
 - (vi) Administrative costs; and
 - (vii) Claims processing costs.
- (2) All filings of rates and rating schedules shall demonstrate that expected claims in relation to premiums comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can be expected to meet the appropriate loss ratio standards.
- (3) For purposes of applying Subsection A(1) of this section and Subsection C(3) of Section 15 only, policies issued as a result of solicitations of individuals through the mails or by mass media advertising (including both print and broadcast advertising) shall be deemed to be individual policies.

Drafting Note: Subsection A(3) replicates language contained in the Omnibus Budget Reconciliation Act of 1990 (Pub. L. No. 101-508). It allows direct mail group policies sold on an individual basis to meet the minimum loss ratio required of individual business (65%) rather than that required of group business (75%). The NAIC eliminated this concept from this regulation in 1987 (I Proceedings of the NAIC, pp. 651, 673 (1988)). At that time, NAIC required direct mail group business to meet the same loss ratio requirement as other group business, regardless of whether the business was sold on an individual basis. The NAIC encourages states to apply the 75% loss ratio to all group business. Although NAIC is restricted from making revisions to its models that are not in conformance with OBRA 1990, states are free to impose more stringent requirements than OBRA.

- (4) For policies issued prior to [insert effective date from Section 26 of this model, the effective date of the states regulation implementing the requirements of OBRA 1990], expected claims in relation to premiums shall meet:

- (a) The originally filed anticipated loss ratio when combined with the actual experience since inception;
- (b) The appropriate loss ratio requirement from Subsection A(1)(a)(i) and (ii) when combined with actual experience beginning with [insert effective date of this revision] to date; and
- (c) The appropriate loss ratio requirement from Subsection A(1)(a)(i) and (ii) over the entire future period for which the rates are computed to provide coverage.

Drafting Note: The appropriate loss ratio requirement from Subsection A(1)(a)(i) and (ii) for all group policies subject to an individual loss ratio standard when issued is 65 percent. States may amend Section 13A(4) to permit or require aggregation of closed blocks of business upon approval of CMS.

B. Refund or Credit Calculation.

- (1) An issuer shall collect and file with the commissioner by May 31 of each year the data contained in the applicable reporting form contained in Appendix A for each type in a standard Medicare supplement benefit plan.
- (2) If on the basis of the experience as reported the benchmark ratio since inception (ratio 1) exceeds the adjusted experience ratio since inception (ratio 3), then a refund or credit calculation is required. The refund calculation shall be done on a statewide basis for each type in a standard Medicare supplement benefit plan. For purposes of the refund or credit calculation, experience on policies issued within the reporting year shall be excluded.
- (3) For the purposes of this section, policies or certificates issued prior to [insert effective date from Section 26 of this model, the effective date of the states regulation implementing the requirements of OBRA 1990], the issuer shall make the refund or credit calculation separately for all individual policies (including all group policies subject to an individual loss ratio standard when issued) combined and all other group policies combined for experience after the [insert effective date of this amendment]. The first report shall be due by May 31, [insert (effective year + 2) of this amendment].

Drafting Note: Subsection B(3) implements the requirements of Section 171 of the Social Security Act Amendments of 1994 that require a refund or credit calculation for pre-standardized Medicare supplement policies, but only for experience subsequent to the date the state amends its regulation.

- (4) A refund or credit shall be made only when the benchmark loss ratio exceeds the adjusted experience loss ratio and the amount to be refunded or credited exceeds a de minimis level. The refund shall include interest from the end of the calendar year to the date of the refund or credit at a rate specified by the Secretary of Health and Human Services, but in no event shall it be less than the average rate of interest for thirteen-week Treasury notes. A refund or credit against premiums due shall be made by September 30 following the experience year upon which the refund or credit is based.

C. Annual filing of Premium Rates. An issuer of Medicare supplement policies and certificates issued before or after the effective date of [insert citation to state's regulation] in this state shall file annually its rates, rating schedule and supporting documentation including ratios of incurred losses to earned premiums by policy duration for approval by the commissioner in accordance with the filing requirements

and procedures prescribed by the commissioner. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. An expected third-year loss ratio which is greater than or equal to the applicable percentage shall be demonstrated for policies or certificates in force less than three (3) years. As soon as practicable, but prior to the effective date of enhancements in Medicare benefits, every issuer of Medicare supplement policies or certificates in this state shall file with the commissioner, in accordance with the applicable filing procedures of this state:

- (1)
 - (a) Appropriate premium adjustments necessary to produce loss ratios as anticipated for the current premium for the applicable policies or certificates. The supporting documents necessary to justify the adjustment shall accompany the filing.
 - (b) An issuer shall make premium adjustments necessary to produce an expected loss ratio under the policy or certificate to conform to minimum loss ratio standards for Medicare supplement policies and which are expected to result in a loss ratio at least as great as that originally anticipated in the rates used to produce current premiums by the issuer for the Medicare supplement policies or certificates. No premium adjustment which would modify the loss ratio experience under the policy other than the adjustments described herein shall be made with respect to a policy at any time other than upon its renewal date or anniversary date.
 - (c) If an issuer fails to make premium adjustments acceptable to the commissioner, the commissioner may order premium adjustments, refunds or premium credits deemed necessary to achieve the loss ratio required by this section.
 - (2) Any appropriate riders, endorsements or policy forms needed to accomplish the Medicare supplement policy or certificate modifications necessary to eliminate benefit duplications with Medicare. The riders, endorsements or policy forms shall provide a clear description of the Medicare supplement benefits provided by the policy or certificate.
- D. Public Hearings. The commissioner may conduct a public hearing to gather information concerning a request by an issuer for an increase in a rate for a policy form or certificate form issued before or after the effective date of [insert citation to state's regulation] if the experience of the form for the previous reporting period is not in compliance with the applicable loss ratio standard. The determination of compliance is made without consideration of any refund or credit for the reporting period. Public notice of the hearing shall be furnished in a manner deemed appropriate by the commissioner.

Drafting Note: This section does not in any way restrict a commissioner's statutory authority, elsewhere granted, to approve or disapprove rates.

Section 15. Filing and Approval of Policies and Certificates and Premium Rates

- A. An issuer shall not deliver or issue for delivery a policy or certificate to a resident of this state unless the policy form or certificate form has been filed with and approved by the commissioner in accordance with filing requirements and procedures prescribed by the commissioner.
- B. An issuer shall file any riders or amendments to policy or certificate forms to delete outpatient prescription drug benefits as required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 only with the commissioner in the state in which the policy or certificate was issued.
- C. An issuer shall not use or change premium rates for a Medicare supplement policy or certificate unless the rates, rating schedule and supporting documentation have been filed with and approved by the commissioner in accordance with the filing requirements and procedures prescribed by the commissioner.
- D.
 - (1) Except as provided in Paragraph (2) of this subsection, an issuer shall not file for approval more than one form of a policy or certificate of each type for each standard Medicare supplement benefit plan.
 - (2) An issuer may offer, with the approval of the commissioner, up to four (4) additional policy forms or certificate forms of the same type for the same standard Medicare supplement benefit plan, one for each of the following cases:
 - (a) The inclusion of new or innovative benefits;
 - (b) The addition of either direct response or agent marketing methods;
 - (c) The addition of either guaranteed issue or underwritten coverage;
 - (d) The offering of coverage to individuals eligible for Medicare by reason of disability.
 - (3) For the purposes of this section, a “type” means an individual policy, a group policy, an individual Medicare Select policy, or a group Medicare Select policy.

Drafting Note: As a result of MMA, issuers now may have H, I, and J (including J with a high deductible) both with and without outpatient prescription drug coverage. The language in Subsection D is flexible enough to allow the issuer and regulator to incorporate this factor to allow for additional policy forms.

Drafting Note: The filing of 2010 Standardized plans policy forms to take the place of 1990 Standardized plans policy forms prior to the actual withdrawal of the 1990 standardized plans policy forms should be permitted.

- E.
 - (1) Except as provided in Paragraph (1)(a), an issuer shall continue to make available for purchase any policy form or certificate form issued after the effective date of this regulation that has been approved by the commissioner. A policy form or certificate form shall not be considered to be available for purchase unless the issuer has actively offered it for sale in the previous twelve (12) months.
 - (a) An issuer may discontinue the availability of a policy form or certificate form if the issuer provides to the commissioner in writing

its decision at least thirty (30) days prior to discontinuing the availability of the form of the policy or certificate. After receipt of the notice by the commissioner, the issuer shall no longer offer for sale the policy form or certificate form in this state.

- (b) An issuer that discontinues the availability of a policy form or certificate form pursuant to Subparagraph (a) shall not file for approval a new policy form or certificate form of the same type for the same standard Medicare supplement benefit plan as the discontinued form for a period of five (5) years after the issuer provides notice to the commissioner of the discontinuance. The period of discontinuance may be reduced if the commissioner determines that a shorter period is appropriate.
 - (2) The sale or other transfer of Medicare supplement business to another issuer shall be considered a discontinuance for the purposes of this subsection.
 - (3) A change in the rating structure or methodology shall be considered a discontinuance under Paragraph (1) unless the issuer complies with the following requirements:
 - (a) The issuer provides an actuarial memorandum, in a form and manner prescribed by the commissioner, describing the manner in which the revised rating methodology and resultant rates differ from the existing rating methodology and existing rates.
 - (b) The issuer does not subsequently put into effect a change of rates or rating factors that would cause the percentage differential between the discontinued and subsequent rates as described in the actuarial memorandum to change. The commissioner may approve a change to the differential that is in the public interest.
- F.
- (1) Except as provided in Paragraph (2), the experience of all policy forms or certificate forms of the same type in a standard Medicare supplement benefit plan shall be combined for purposes of the refund or credit calculation prescribed in [insert citation to Section 14 of NAIC Medicare Supplement Insurance Model Regulation].
 - (2) Forms assumed under an assumption reinsurance agreement shall not be combined with the experience of other forms for purposes of the refund or credit calculation.

Drafting Note: It has come to the attention of the NAIC that the use of attained age rating in the determination of rates in Medicare supplement policies may result in situations to which a regulatory response is desirable. States should assess their Medicare supplement marketplace to determine whether a regulatory response is needed. The following provisions may be included as a new subsection to Section 15. The first option prohibits insurers from attained age rating as a methodology for setting rates. The second option does not prohibit the use of attained age rating but requires Medicare supplement insurers who do use attained age rating as a rate setting methodology to apply the age component to its rates annually. The effective date of the regulation should provide sufficient time for insurers to re-rate approved policy forms in accordance with Section 15A and for the insurance department to approve (according to its rate filing practices and procedures), such re-ratings prior to the effective date of the regulation.

Option 1.

- G. An issuer shall not present for filing or approval a rate structure for its Medicare supplement policies or certificates issued after the effective date of the amendment of this regulation based upon attained age rating as a structure or methodology.

Option 2.

- G. An issuer shall not present for filing or approval a rate structure for its Medicare supplement policies or certificates issued after the effective date of the amendment of this regulation based upon a structure or methodology with any groupings of attained ages greater than one year. The ratio between rates for successive ages shall increase smoothly as age increases.

Drafting Note: State insurance regulators are encouraged to consider whether it is necessary to require issuers to file new forms where the only changes in the forms reflect year-to-year modifications in Medicare deductible and coinsurance amounts.

Section 16. Permitted Compensation Arrangements

- A. An issuer or other entity may provide commission or other compensation to an agent or other representative for the sale of a Medicare supplement policy or certificate only if the first year commission or other first year compensation is no more than 200 percent of the commission or other compensation paid for selling or servicing the policy or certificate in the second year or period.
- B. The commission or other compensation provided in subsequent (renewal) years must be the same as that provided in the second year or period and must be provided for no fewer than five (5) renewal years.
- C. No issuer or other entity shall provide compensation to its agents or other producers and no agent or producer shall receive compensation greater than the renewal compensation payable by the replacing issuer on renewal policies or certificates if an existing policy or certificate is replaced.
- D. For purposes of this section, “compensation” includes pecuniary or non-pecuniary remuneration of any kind relating to the sale or renewal of the policy or certificate including but not limited to bonuses, gifts, prizes, awards and finders fees.

Section 17. Required Disclosure Provisions

- A. General Rules.
 - (1) Medicare supplement policies and certificates shall include a renewal or continuation provision. The language or specifications of the provision shall be consistent with the type of contract issued. The provision shall be appropriately captioned and shall appear on the first page of the policy, and shall include any reservation by the issuer of the right to change premiums and any automatic renewal premium increases based on the policyholder's age.
 - (2) Except for riders or endorsements by which the issuer effectuates a request made in writing by the insured, exercises a specifically reserved right under a Medicare supplement policy, or is required to reduce or eliminate benefits to avoid duplication of Medicare benefits, all riders or endorsements added to a

Medicare supplement policy after date of issue or at reinstatement or renewal which reduce or eliminate benefits or coverage in the policy shall require a signed acceptance by the insured. After the date of policy or certificate issue, any rider or endorsement which increases benefits or coverage with a concomitant increase in premium during the policy term shall be agreed to in writing signed by the insured, unless the benefits are required by the minimum standards for Medicare supplement policies, or if the increased benefits or coverage is required by law. Where a separate additional premium is charged for benefits provided in connection with riders or endorsements, the premium charge shall be set forth in the policy.

- (3) Medicare supplement policies or certificates shall not provide for the payment of benefits based on standards described as “usual and customary,” “reasonable and customary” or words of similar import.
- (4) If a Medicare supplement policy or certificate contains any limitations with respect to preexisting conditions, such limitations shall appear as a separate paragraph of the policy and be labeled as “Preexisting Condition Limitations.”
- (5) 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 policyholder or certificate holder 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 insured person is not satisfied for any reason.
- (6)
 - (a) Issuers of accident and sickness policies or certificates which provide hospital or medical expense coverage on an expense incurred or indemnity basis to persons eligible for Medicare shall provide to those applicants a Guide to Health Insurance for People with Medicare in the form developed jointly by the National Association of Insurance Commissioners and CMS and in a type size no smaller than 12 point type. Delivery of the Guide shall be made whether or not the policies or certificates are advertised, solicited or issued as Medicare supplement policies or certificates as defined in this regulation. Except in the case of direct response issuers, delivery of the Guide shall be made to the applicant at the time of application and acknowledgement of receipt of the Guide shall be obtained by the issuer. Direct response issuers shall deliver the Guide to the applicant upon request but not later than at the time the policy is delivered.
 - (b) For the purposes of this section, “form” means the language, format, type size, type proportional spacing, bold character, and line spacing.

B. Notice Requirements.

- (1) As soon as practicable, but no later than thirty (30) days prior to the annual effective date of any Medicare benefit changes, an issuer shall notify its policyholders and certificate holders of modifications it has made to Medicare supplement insurance policies or certificates in a format acceptable to the commissioner. The notice shall:

- (a) Include a description of revisions to the Medicare program and a description of each modification made to the coverage provided under the Medicare supplement policy or certificate, and
 - (b) Inform each policyholder or certificate holder as to when any premium adjustment is to be made due to changes in Medicare.
 - (2) The notice of benefit modifications and any premium adjustments shall be in outline form and in clear and simple terms so as to facilitate comprehension.
 - (3) The notices shall not contain or be accompanied by any solicitation.
- C. MMA Notice Requirements. Issuers shall comply with any notice requirements of the Medicare Prescription Drug, Improvement and Modernization Act of 2003.
- D. Outline of Coverage Requirements for Medicare Supplement Policies.
- (1) Issuers shall provide an outline of coverage to all applicants at the time application is presented to the prospective applicant and, except for direct response policies, shall obtain an acknowledgement of receipt of the outline from the applicant; and
 - (2) If an outline of coverage is provided at the time of application and the Medicare supplement policy or certificate is issued on a basis which would require revision of the outline, a substitute outline of coverage properly describing the policy or certificate shall accompany the policy or certificate when it is delivered and contain the following statement, in no less than twelve (12) point type, immediately above the company name:

NOTICE: Read this outline of coverage carefully. It is not identical to the outline of coverage provided upon application and the coverage originally applied for has not been issued."
 - (3) The outline of coverage provided to applicants pursuant to this section consists of four parts: a cover page, premium information, disclosure pages, and charts displaying the features of each benefit plan offered by the issuer. The outline of coverage shall be in the language and format prescribed below in no less than twelve (12) point type. All plans shall be shown on the cover page, and the plans that are offered by the issuer shall be prominently identified. Premium information for plans that are offered shall be shown on the cover page or immediately following the cover page and shall be prominently displayed. The premium and mode shall be stated for all plans that are offered to the prospective applicant. All possible premiums for the prospective applicant shall be illustrated
 - (4) The following items shall be included in the outline of coverage in the order prescribed below.

Benefit Chart of Medicare Supplement Plans Sold on or After June 1, 2010

This chart shows the benefits included in each of the standard Medicare supplement plans. Every company must make Plan “A” available. Some plans may not be available in your state.

Plans E, H, I, and J are no longer available for sale. [This sentence shall not appear after June 1, 2011.]

Basic Benefits:

- Hospitalization –Part A coinsurance plus coverage for 365 additional days after Medicare benefits end.
- Medical Expenses –Part B coinsurance (generally 20% of Medicare-approved expenses) or co-payments for hospital outpatient services. Plans K, L and N require insureds to pay a portion of Part B coinsurance or co-payments.
- Blood –First three pints of blood each year.
- Hospice— Part A coinsurance

A	B	C	D	F	F*	G	K	L	M	N
Basic, including 100% Part B coinsurance	Basic, including 100% Part B coinsurance	Basic, including 100% Part B coinsurance	Basic, including 100% Part B coinsurance	Basic, including 100% Part B coinsurance*		Basic, including 100% Part B coinsurance	Hospitalization and preventive care paid at 100%; other basic benefits paid at 50%	Hospitalization and preventive care paid at 100%; other basic benefits paid at 75%	Basic, including 100% Part B coinsurance	Basic, including 100% Part B coinsurance, except up to \$20 copayment for office visit, and up to \$50 copayment for ER
		Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance		Skilled Nursing Facility Coinsurance	50% Skilled Nursing Facility Coinsurance	75% Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance
	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible		Part A Deductible	50% Part A Deductible	75% Part A Deductible	50% Part A Deductible	Part A Deductible
		Part B Deductible		Part B Deductible						
				Part B Excess (100%)		Part B Excess (100%)				
		Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency		Foreign Travel Emergency			Foreign Travel Emergency	Foreign Travel Emergency
<p>*Plan F also has an option called a high deductible plan F. This high deductible plan pays the same benefits as Plan F after one has paid a calendar year [\$2000] deductible. Benefits from high deductible plan F will not begin until out-of-pocket expenses exceed [\$2000]. Out-of-pocket expenses for this deductible are expenses that would ordinarily be paid by the policy. These expenses include the Medicare deductibles for Part A and Part B, but do not include the plan's separate foreign travel emergency deductible.</p>							Out-of-pocket limit \$[4620]; paid at 100% after limit reached	Out-of-pocket limit \$[2310]; paid at 100% after limit reached		

PREMIUM INFORMATION [Boldface Type]

We [insert issuer's name] can only raise your premium if we raise the premium for all policies like yours in this State. [If the premium is based on the increasing age of the insured, include information specifying when premiums will change.]

DISCLOSURES [Boldface Type]

Use this outline to compare benefits and premiums among policies.

This outline shows benefits and premiums of policies sold for effective dates on or after June 1, 2010. Policies sold for effective dates prior to June 1, 2010 have different benefits and premiums. Plans E, H, I, and J are no longer available for sale. [This paragraph shall not appear after June 1, 2011.]

READ YOUR POLICY VERY CAREFULLY [Boldface Type]

This is only an outline describing your policy's most important features. The policy is your insurance contract. You must read the policy itself to understand all of the rights and duties of both you and your insurance company.

RIGHT TO RETURN POLICY [Boldface Type]

If you find that you are not satisfied with your policy, you may return it to [insert issuer's address]. If you send the policy back to us within 30 days after you receive it, we will treat the policy as if it had never been issued and return all of your payments.

POLICY REPLACEMENT [Boldface Type]

If you are replacing another health insurance policy, do NOT cancel it until you have actually received your new policy and are sure you want to keep it.

NOTICE [Boldface Type]

This policy may not fully cover all of your medical costs.

[for agents:]

Neither [insert company's name] nor its agents are connected with Medicare.

[for direct response:]

[insert company's name] is not connected with Medicare.

This outline of coverage does not give all the details of Medicare coverage. Contact your local Social Security Office or consult Medicare and You for more details.

COMPLETE ANSWERS ARE VERY IMPORTANT [Boldface Type]

When you fill out the application for the new policy, be sure to answer truthfully and completely all questions about your medical and health history. The company may cancel your policy and refuse to pay any claims if you leave out or falsify important medical information. [If the policy or certificate is guaranteed issue, this paragraph need not appear.]

Review the application carefully before you sign it. Be certain that all information has been properly recorded.

[Include for each plan prominently identified in the cover page, a chart showing the services, Medicare payments, plan payments and insured payments for each plan, using the same language, in the same order, using uniform layout and format as shown in the charts below. No more than four plans may be shown on one chart. For purposes of illustration, charts for each plan are included in this regulation. An issuer may use additional benefit plan designations on these charts pursuant to Section 9.1D of this regulation.]

[Include an explanation of any innovative benefits on the cover page and in the chart, in a manner approved by the commissioner.]

PLAN A

MEDICARE (PART A)—HOSPITAL SERVICES—PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days	All but \$[1068]	\$0	\$[1068](Part A deductible)
61st thru 90th day	All but \$[267] a day	\$[267] a day	\$0
91st day and after: —While using 60 lifetime reserve days	All but \$[534] a day	\$[534] a day	\$0
—Once lifetime reserve days are used:	\$0	100% of Medicare eligible expenses	\$0**
—Additional 365 days	\$0	\$0	All costs
—Beyond the additional 365 days			
SKILLED NURSING FACILITY CARE* You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility Within 30 days after leaving the hospital First 20 days	All approved amounts	\$0	\$0
21 st thru 100th day	All but \$[133.50] a day	\$0	Up to \$[133.50] a day
101 st day and after	\$0	\$0	All costs

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
BLOOD First 3 pints	\$0	3 pints	\$0
Additional amounts	100%	\$0	\$0
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness.	All but very limited co-payment/ coinsurance for out-patient drugs and inpatient respite care	Medicare co-payment/ coinsurance	\$0

**** NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN A

MEDICARE (PART B)—MEDICAL SERVICES—PER CALENDAR YEAR

* Once you have been billed \$[135] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
MEDICAL EXPENSES— IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT, such as Physician's services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment, First \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	Generally 80%	Generally 20%	\$0
Part B Excess Charges (Above Medicare Approved Amounts)	\$0	\$0	All costs
BLOOD First 3 pints	\$0	All costs	\$0
Next \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	80%	20%	\$0
CLINICAL LABORATORY SERVICES—TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOME HEALTH CARE MEDICARE APPROVED SERVICES Medically necessary skilled care services and medical supplies —Durable medical equipment	100%	\$0	\$0
First \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	80%	20%	\$0

PLAN B

MEDICARE (PART A)—HOSPITAL SERVICES—PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days	All but \$[1068]	\$[1068](Part A deductible)	\$0
61 st thru 90 th day	All but \$[267] a day	\$[267] a day	\$0
91 st day and after: —While using 60 lifetime reserve days	All but \$[534] a day	\$[534] a day	\$0
—Once lifetime reserve days are used:	\$0	100% of Medicare eligible expenses	\$0**
—Additional 365 days	\$0	\$0	All costs
—Beyond the additional 365 days			
SKILLED NURSING FACILITY CARE* You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days	All approved amounts	\$0	\$0
21 st thru 100 th day	All but \$[133.50] a day	\$0	Up to \$[133.50] a day
101 st day and after	\$0	\$0	All costs

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
BLOOD First 3 pints	\$0	3 pints	\$0
Additional amounts	100%	\$0	\$0
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness	All but very limited co-payment/ coinsurance for out-patient drugs and inpatient respite care	Medicare co-payment/ coinsurance	\$0

**** NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN B

MEDICARE (PART B)—MEDICAL SERVICES—PER CALENDAR YEAR

* Once you have been billed \$[135] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
MEDICAL EXPENSES— IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT, such as physician's services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment, F First \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	Generally 80%	Generally 20%	\$0
Part B Excess Charges (Above Medicare Approved Amounts)	\$0	\$0	All costs
BLOOD First 3 pints	\$0	All costs	\$0
Next \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	80%	20%	\$0
CLINICAL LABORATORY SERVICES—TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOME HEALTH CARE MEDICARE APPROVED SERVICES Medically necessary skilled care services and medical supplies —Durable medical equipment	100%	\$0	\$0
First \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	80%	20%	\$0

PLAN C

MEDICARE (PART A)—HOSPITAL SERVICES—PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days	All but \$[1068]	\$[1068](Part A deductible)	\$0
61 st thru 90th day	All but \$[267] a day	\$[267] a day	\$0
91 st day and after: —While using 60 lifetime reserve days	All but \$[534] a day	\$[534] a day	\$0
—Once lifetime reserve days are used:	\$0	100% of Medicare eligible expenses	\$0** All costs
Additional 365 days —Beyond the additional 365 days	\$0	\$0	
SKILLED NURSING FACILITY CARE* You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days	All approved amounts	\$0	\$0
21 st thru 100th day	All but \$[133.50] a day	Up to \$[133.50] a day	\$0
101st day and after	\$0	\$0	All costs

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
BLOOD First 3 pints	\$0	3 pints	\$0
Additional amounts	100%	\$0	\$0
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness.	All but very limited co-payment/ coinsurance for out-patient drugs and inpatient respite care	Medicare co-payment/ coinsurance	\$0

**** NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN C

MEDICARE (PART B)—MEDICAL SERVICES—PER CALENDAR YEAR

* Once you have been billed \$[135] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
MEDICAL EXPENSES— IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT, such as physician's services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment, First \$[135] of Medicare	\$0	\$[135] (Part B deductible)	\$0
Approved Amounts*	Generally 80%	Generally 20%	\$0
Remainder of Medicare Approved Amounts			
Part B Excess Charges (Above Medicare Approved Amounts)	\$0	\$0	All costs
BLOOD			
First 3 pints	\$0	All costs	\$0
Next \$[135] of Medicare Approved Amounts*	\$0	\$[135] (Part B deductible)	\$0
Remainder of Medicare Approved Amounts	80%	20%	\$0
CLINICAL LABORATORY SERVICES—TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOME HEALTH CARE MEDICARE APPROVED SERVICES Medically necessary skilled care services and medical supplies —Durable medical equipment	100%	\$0	\$0
First \$[135] of Medicare Approved Amounts*	\$0	\$[135](PartB deductible)	\$0
Remainder of Medicare Approved Amounts	80%	20%	\$0

OTHER BENEFITS—NOT COVERED BY MEDICARE

FOREIGN TRAVEL— NOT COVERED BY MEDICARE Medically necessary emergency care services beginning during the first 60 days of each trip outside the USA First \$250 each calendar year	\$0	\$0	\$250
Remainder of Charges	\$0	80% to a lifetime maxi- mum benefit of \$50,000	20% and amounts over the \$50,000 lifetime maximum

PLAN D

MEDICARE (PART A)—HOSPITAL SERVICES—PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies			
First 60 days	All but \$[1068]	\$[1068] (Part A deductible)	\$0
61st thru 90th day	All but \$[267] a day	\$[267] a day	\$0
91st day and after: —While using 60 lifetime reserve days	All but \$[534] a day	\$[534] a day \$0	\$0
—Once lifetime reserve days are used:	\$0	100% of Medicare eligible expenses	\$0**
Additional 365 days —Beyond the additional 365 days	\$0	\$0	All costs
SKILLED NURSING FACILITY CARE* You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital			
First 20 days	All approved amounts	\$0	\$0
21 st thru 100th day	All but \$[133.50] a day	Up to \$[133.50] a day	\$0
101st day and after	\$0	\$0	All costs

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
BLOOD First 3 pints	\$0	3 pints	\$0
Additional amounts	100%	\$0	\$0
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness	All but very limited co-payment/ coinsurance for out-patient drugs and inpatient respite care	Medicare co-payment/ coinsurance	\$0

**** NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN D

MEDICARE (PART B)—MEDICAL SERVICES—PER CALENDAR YEAR

* Once you have been billed \$[135] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
MEDICAL EXPENSES— IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT, such as physician's services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment, First \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	Generally 80%	Generally 20%	\$0
Part B Excess Charges (Above Medicare Approved Amounts)	\$0	\$0	All costs
BLOOD First 3 pints	\$0	All costs	\$0
Next \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	80%	20%	\$0
CLINICAL LABORATORY SERVICES—TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

(continued)

PLAN D

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOME HEALTH CARE MEDICARE APPROVED SERVICES Medically necessary skilled care services and medical supplies —Durable medical equipment	100%	\$0	\$0
First \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	80%	20%	\$0

OTHER BENEFITS—NOT COVERED BY MEDICARE

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
FOREIGN TRAVEL—NOT COVERED BY MEDICARE Medically necessary emergency care services beginning during the first 60 days of each trip outside the USA			
First \$250 each calendar year	\$0	\$0	\$250
Remainder of charges	\$0	80% to a lifetime maximum benefit of \$50,000	20% and amounts over the \$50,000 lifetime maximum

PLAN F or HIGH DEDUCTIBLE PLAN F

MEDICARE (PART A) – HOSPITAL SERVICES – PER BENEFIT PERIOD

- A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

[**This high deductible plan pays the same benefits as Plan F after one has paid a calendar year [\$2000] deductible. Benefits from the high deductible plan F will not begin until out-of-pocket expenses are [\$2000]. Out-of-pocket expenses for this deductible are expenses that would ordinarily be paid by the policy. This includes the Medicare deductibles for Part A and Part B, but does not include the plan's separate foreign travel emergency deductible.]

SERVICES	MEDICARE PAYS	[AFTER YOU PAY \$[2000] DEDUCTIBLE,**] PLAN PAYS	[IN ADDITION TO \$[2000] DEDUCTIBLE,**] YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days	All but \$[1068]	\$[1068] (Part A deductible)	\$0
61st thru 90 th day	All but \$[267] a day	\$[267] a day	\$0
91st day and after: —While using 60 Lifetime reserve days	All but \$[534] a day	\$[534] a day	\$0
Once lifetime reserve days are used: —Additional 365 days	\$0	100% of Medicare eligible expenses	\$0***
Beyond the additional 365 days	\$0	\$0	All costs

SERVICES	MEDICARE PAYS	[AFTER YOU PAY \$[2000] DEDUCTIBLE,**] PLAN PAYS	[IN ADDITION TO \$[2000] DEDUCTIBLE,**] YOU PAY
SKILLED NURSING FACILITY CARE* You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare- approved facility within 30 days after leaving the hospital			
First 20 days	All approved amounts	\$0	\$0
21st thru 100th day	All but \$[133.50] a day	Up to \$[133.50] a day	\$0
101 st day and after	\$0	\$0	All costs
BLOOD First 3 pints	\$0	3 pints	\$0
Additional amounts	100%	\$0	\$0
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness.	All but very limited co-payment/ coinsurance for out- patient drugs and inpatient respite care	Medicare co- payment/coinsuran ce	\$0

(continued)

*** NOTICE: When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN F or HIGH DEDUCTIBLE PLAN F

MEDICARE (PART B) - MEDICAL SERVICES - PER CALENDAR YEAR

*Once you have been billed \$[135] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B deductible will have been met for the calendar year.

[**This high deductible plan pays the same benefits as Plan F after one has paid a calendar year \$[2000] deductible. Benefits from the high deductible plan F will not begin until out-of-pocket expenses are \$[2000]. Out-of-pocket expenses for this deductible are expenses that would ordinarily be paid by the policy. This includes the Medicare deductibles for Part A and Part B, but does not include the plan's separate foreign travel emergency deductible.]

SERVICES	MEDICARE PAYS	[AFTER YOU PAY \$[2000] DEDUCTIBLE,**] PLAN PAYS	[IN ADDITION TO \$[2000] DEDUCTIBLE,**] YOU PAY
MEDICAL EXPENSES - IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT, Such as physician's Services, inpatient and Outpatient medical and Surgical services and Supplies, physical and Speech therapy, Diagnostic tests, Durable medical Equipment, First \$[135] of Medicare Approved amounts*	\$0	\$[135] (Part B deductible)	\$0
Remainder of Medicare Approved amounts	Generally 80%	Generally 20%	\$0
Part B excess charges (Above Medicare Approved Amounts)	\$0	100%	\$0
BLOOD First 3 pints	\$0	All costs	\$0
Next \$[135] of Medicare Approved amounts*	\$0	\$[135] (Part B deductible)	\$0
Remainder of Medicare Approved amounts	80%	20%	\$0

SERVICES	MEDICARE PAYS	[AFTER YOU PAY \$[2000] DEDUCTIBLE,**] PLAN PAYS	[IN ADDITION TO \$[2000] DEDUCTIBLE, **] YOU PAY
CLINICAL LABORATORY SERVICES—TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PLAN F or HIGH DEDUCTIBLE PLAN F

PARTS A & B

SERVICES	MEDICARE PAYS	AFTER YOU PAY \$[2000] DEDUCTIBLE,** PLAN PAYS	IN ADDITION TO \$[2000] DEDUCTIBLE, ** YOU PAY
HOME HEALTH CARE MEDICARE APPROVED SERVICES Medically necessary skilled care services and medical supplies —Durable medical equipment	100%	\$0	\$0
First \$[135] of Medicare Approved Amounts*	\$0	\$[135] (Part B deductible)	\$0
Remainder of Medicare — Approved Amounts	80%	20%	\$0

OTHER BENEFITS - NOT COVERED BY MEDICARE

SERVICES	MEDICARE PAYS	AFTER YOU PAY \$[2000] DEDUCTIBLE,** PLAN PAYS	IN ADDITION TO \$[2000] DEDUCTIBLE, ** YOU PAY
FOREIGN TRAVEL - NOT COVERED BY MEDICARE Medically necessary Emergency care services Beginning during the first 60 days of each trip outside the USA First \$250 each calendar year	\$0	\$0	\$250
Remainder of charges	\$0	80% to a lifetime maximum benefit of \$50,000	20% and amounts over the \$50,000 lifetime maximum

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PLAN G

MEDICARE (PART A)—HOSPITAL SERVICES—PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days	All but \$[1068]	\$[1068] (Part A deductible)	\$0
61st thru 90th day	All but \$[267] a day	\$[267] a day	\$0
91st day and after: —While using 60 lifetime reserve days	All but \$[534] a day	\$[534] a day	\$0
—Once lifetime reserve days are used:	\$0	100% of Medicare eligible expenses	\$0**
—Additional 365 days	\$0	\$0	All costs
—Beyond the additional 365 days			
SKILLED NURSING FACILITY CARE* You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days	All approved amounts	\$0	\$0
21 st thru 100th day	All but \$[133.50] a day	Up to \$[133.50] a day	\$0
101st day and after	\$0	\$0	All costs
BLOOD First 3 pints	\$0	3 pints	\$0
Additional amounts	100%	\$0	\$0

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness	All but very limited co-payment/coinsurance for out-patient drugs and inpatient respite care	Medicare co-payment/coinsurance	\$0

**** NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN G

MEDICARE (PART B)—MEDICAL SERVICES—PER CALENDAR YEAR

* Once you have been billed \$[133.50] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
MEDICAL EXPENSES—IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT, such as physician's services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment, First \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	Generally 80%	Generally 20%	\$0
Part B Excess Charges (Above Medicare Approved Amounts)	\$0	100%	\$0
BLOOD First 3 pints	\$0	All costs	\$0
Next \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	80%	20%	\$0
CLINICAL LABORATORY SERVICES—TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

(continued)

PLAN G

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOME HEALTH CARE MEDICARE APPROVED SERVICES Medically necessary skilled care services and medical supplies —Durable medical equipment	100%	\$0	\$0
First \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	80%	20%	\$0

OTHER BENEFITS—NOT COVERED BY MEDICARE

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
FOREIGN TRAVEL— NOT COVERED BY MEDICARE Medically necessary emergency care services beginning during the first 60 days of each trip outside the USA First \$250 each calendar year	\$0	\$0	\$250
Remainder of Charges	\$0	80% to a lifetime maximum benefit of \$50,000	20% and amounts over the \$50,000 lifetime maximum

PLAN K

* You will pay half the cost-sharing of some covered services until you reach the annual out-of-pocket limit of \$[4620] each calendar year. The amounts that count toward your annual limit are noted with diamonds (♦) in the chart below. Once you reach the annual limit, the plan pays 100% of your Medicare co-payment and coinsurance for the rest of the calendar year. However, this limit does NOT include charges from your provider that exceed Medicare-approved amounts (these are called “Excess Charges”) and you will be responsible for paying this difference in the amount charged by your provider and the amount paid by Medicare for the item or service.

MEDICARE (PART A)—HOSPITAL SERVICES—PER BENEFIT PERIOD

** A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY*
HOSPITALIZATION** Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days	All but \$[1068]	\$[534](50% of Part A deductible)	\$[534](50% of Part A deductible)♦
61 st thru 90th day	All but \$[267] a day	\$[267] a day	\$0
91st day and after: —While using 60 lifetime reserve days	All but \$[534] a day	\$[534] a day	\$0
—Once lifetime reserve days are used: —Additional 365 days	\$0	100% of Medicare eligible expenses	\$0***
—Beyond the additional 365 days	\$0	\$0	All costs

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY*
SKILLED NURSING FACILITY CARE** You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility Within 30 days after leaving the hospital First 20 days	All approved amounts.	\$0	\$0
21 st thru 100th day	All but \$[133.50] a day	Up to \$[66.75] a day	Up to \$[66.75] a day ♦
101st day and after	\$0	\$0	All costs
BLOOD First 3 pints	\$0	50%	50%♦
Additional amounts	100%	\$0	\$0
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness.	All but very limited co-payment/coinsurance for outpatient drugs and inpatient respite care	50% of co-payment/coinsurance	50% of Medicare co-payment/coinsurance ♦

(continued)

*** NOTICE: When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN K

MEDICARE (PART B)—MEDICAL SERVICES—PER CALENDAR YEAR

**** Once you have been billed \$[135] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY*
MEDICAL EXPENSES— IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT, such as Physician's services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment, First \$[135] of Medicare Approved Amounts****	\$0	\$0	\$[135] (Part B deductible)**** ♦
Preventive Benefits for Medicare covered services	Generally 75% or more of Medicare approved amounts	Remainder of Medicare approved amounts	All costs above Medicare approved amounts
Remainder of Medicare Approved Amounts	Generally 80%	Generally 10%	Generally 10% ♦
Part B Excess Charges (Above Medicare Approved Amounts)	\$0	\$0	All costs (and they do not count toward annual out-of-pocket limit of [\$4620])*
BLOOD First 3 pints	\$0	50%	50%♦
Next \$[135] of Medicare Approved Amounts****	\$0	\$0	\$[135] (Part B deductible)**** ♦
Remainder of Medicare Approved Amounts	Generally 80%	Generally 10%	Generally 10% ♦
CLINICAL LABORATORY SERVICES—TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

(continued)

* This plan limits your annual out-of-pocket payments for Medicare-approved amounts to \$[4620] per year. However, this limit does NOT include charges from your provider that exceed Medicare-approved amounts (these are called "Excess Charges") and you will be responsible for paying this difference in the amount charged by your provider and the amount paid by Medicare for the item or service.

PLAN K
PARTS A & B

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY*
HOME HEALTH CARE MEDICARE APPROVED SERVICES Medically necessary skilled care services and medical supplies —Durable medical equipment	100%	\$0	\$0
First \$[135] of Medicare Approved Amounts*****	\$0	\$0	\$[135] (Part B deductible) ♦
Remainder of Medicare Approved Amounts	80%	10%	10%♦

*****Medicare benefits are subject to change. Please consult the latest Guide to Health Insurance for People with Medicare.

PLAN L

* You will pay one-fourth of the cost-sharing of some covered services until you reach the annual out-of-pocket limit of \$[2310] each calendar year. The amounts that count toward your annual limit are noted with diamonds (♦) in the chart below. Once you reach the annual limit, the plan pays 100% of your Medicare copayment and coinsurance for the rest of the calendar year. However, this limit does NOT include charges from your provider that exceed Medicare-approved amounts (these are called “Excess Charges”) and you will be responsible for paying this difference in the amount charged by your provider and the amount paid by Medicare for the item or service.

MEDICARE (PART A)—HOSPITAL SERVICES—PER BENEFIT PERIOD

** A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY*
HOSPITALIZATION** Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days	All but \$[1068]	\$[808.50] (75% of Part A deductible)	\$[267] (25% of Part A deductible)♦
61st thru 90th day	All but \$[267] a day	\$[267] a day	\$0
91st day and after: —While using 60 lifetime reserve days	All but \$[534] a day	\$[534] a day	\$0
—Once lifetime reserve days are used: —Additional 365 days	\$0	100% of Medicare eligible expenses	\$0***
—Beyond the additional 365 days	\$0	\$0	All costs
SKILLED NURSING FACILITY CARE** You must meet Medicare’s requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility Within 30 days after leaving the hospital First 20 days	All approved amounts	\$0	\$0
21 st thru 100th day	All but \$[133.50] a day	Up to \$[100.13] a day	Up to \$[33.38] a day♦
101st day and after	\$0	\$0	All costs

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY*
BLOOD First 3 pints	\$0	75%	25% ♦
Additional amounts	100%	\$0	\$0
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness.	All but very limited co-payment/coinsurance for outpatient drugs and inpatient respite care	75% of co-payment/coinsurance	25% of co-payment/coinsurance ♦

(continued)

*** NOTICE: When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN L

MEDICARE (PART B)—MEDICAL SERVICES—PER CALENDAR YEAR

**** Once you have been billed \$[135] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY*
MEDICAL EXPENSES— IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT, such as Physi- cian's services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment, First \$[135] of Medicare Approved Amounts****	\$0	\$0	\$[135] (Part B deductible)**** ♦
Preventive Benefits for Medicare covered services	Generally 75% or more of Medicare approved amounts	Remainder of Medicare approved amounts	All costs above Medicare approved amounts
Remainder of Medicare Approved Amounts	Generally 80%	Generally 15%	Generally 5% ♦
Part B Excess Charges (Above Medicare Approved Amounts)	\$0	\$0	All costs (and they do not count toward annual out-of- pocket limit of [\$2310])*
BLOOD First 3 pints	\$0	75%	25%♦
Next \$[135] of Medicare Approved Amounts****	\$0	\$0	\$[135] (Part B deductible) ♦
Remainder of Medicare Approved Amounts	Generally 80%	Generally 15%	Generally 5%♦
CLINICAL LABORATORY SERVICES—TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

(continued)

* This plan limits your annual out-of-pocket payments for Medicare-approved amounts to \$[2310] per year. However, this limit does NOT include charges from your provider that exceed Medicare-approved amounts (these are called "Excess Charges") and you will be responsible for paying this difference in the amount charged by your provider and the amount paid by Medicare for the item or service.

PLAN L

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY*
HOME HEALTH CARE MEDICARE APPROVED SERVICES Medically necessary skilled care services and medical supplies —Durable medical equipment	100%	\$0	\$0
First \$[135] of Medicare Approved Amounts*****	\$0	\$0	\$[135] (Part B deductible) ♦
Remainder of Medicare Approved Amounts	80%	15%	5% ♦

*****Medicare benefits are subject to change. Please consult the latest Guide to Health Insurance for People with Medicare.

PLAN M

MEDICARE (PART A)—HOSPITAL SERVICES—PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days	All but \$[1068]	\$[534](50% of Part A deductible)	\$[534](50% of Part A deductible)
61 st thru 90th day	All but \$[267] a day	\$[267] a day	\$0
91 st day and after: —While using 60 lifetime reserve days	All but \$[534] a day	\$[534] a day	\$0
—Once lifetime reserve days are used: —Additional 365 days	\$0	100% of Medicare eligible expenses	\$0**
—Beyond the additional 365 days	\$0	\$0	All costs
SKILLED NURSING FACILITY CARE* You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days	All approved amounts	\$0	\$0
21 st thru 100th day	All but \$[133.50] a day	Up to \$[133.50] a day	\$0
101st day and after	\$0	\$0	All costs
BLOOD First 3 pints	\$0	3 pints	\$0
Additional amounts	100%	\$0	\$0

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness	All but very limited co-payment/coinsurance for outpatient drugs and inpatient respite care	Medicare co-payment/coinsurance	\$0

**** NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN M

MEDICARE (PART B)—MEDICAL SERVICES—PER CALENDAR YEAR

* Once you have been billed \$[135] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
MEDICAL EXPENSES—IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT, such as physician's services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment —First \$[135] of Medicare Approved Amounts* Remainder of Medicare Approved Amounts	 \$0 Generally 80%	 \$0 Generally 20%	 \$[135] (Part B deductible) \$0
Part B Excess Charges (Above Medicare Approved Amounts)	\$0	\$0	All costs
BLOOD First 3 pints Next \$[135] of Medicare Approved Amounts* Remainder of Medicare Approved Amounts	 \$0 \$0 80%	 All costs \$0 20%	 \$0 \$[135] (Part B deductible) \$0
CLINICAL LABORATORY SERVICES—TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOME HEALTH CARE MEDICARE APPROVED SERVICES Medically necessary skilled care services and medical supplies —Durable medical equipment	100%	\$0	\$0
First \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135](PartB deductible)
Remainder of Medicare Approved Amounts	80%	20%	\$0

OTHER BENEFITS—NOT COVERED BY MEDICARE

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
FOREIGN TRAVEL— NOT COVERED BY MEDICARE Medically necessary emergency care services beginning during the first 60 days of each trip outside the USA			
First \$250 each calendar year	\$0	\$0	\$250
Remainder of Charges	\$0	80% to a lifetime maximum benefit of \$50,000	20% and amounts over the \$50,000 lifetime maximum

PLAN N

MEDICARE (PART A)—HOSPITAL SERVICES—PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days	All but \$[1068]	\$[1068](Part A deductible)	\$0
61 st thru 90th day	All but \$[267] a day	\$[267] a day	\$0
91 st day and after: —While using 60 lifetime reserve days	All but \$[534] a day	\$[534] a day	\$0
—Once lifetime reserve days are used: —Additional 365 days	\$0	100% of Medicare eligible expenses	\$0**
—Beyond the additional 365 days	\$0	\$0	All costs
SKILLED NURSING FACILITY CARE* You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days	All approved amounts	\$0	\$0
21 st thru 100th day	All but \$[133.50] a day	Up to \$[133.50] a day \$0	\$0 All costs
101st day and after	\$0		
BLOOD First 3 pints	\$0	3 pints	\$0
Additional amounts	100%	\$0	\$0

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness	All but very limited co-payment/coinsurance for outpatient drugs and inpatient respite care	Medicare co-payment/coinsurance	\$0

**** NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN N

MEDICARE (PART B)—MEDICAL SERVICES—PER CALENDAR YEAR

* Once you have been billed \$[135] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
<p>MEDICAL EXPENSES—IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT, such as physician's services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment</p> <p>First \$[135] of Medicare Approved Amounts*</p> <p>Remainder of Medicare Approved Amounts</p>	<p>\$0</p> <p>Generally 80%</p>	<p>\$0</p> <p>Balance, other than up to [\$20] per office visit and up to [\$50] per emergency room visit. The co-payment of up to [\$50] is waived if the insured is admitted to any hospital and the emergency visit is covered as a Medicare Part A expense.</p>	<p>\$[135] (Part B deductible)</p> <p>up to [\$20] per office visit and up to [\$50] per emergency room visit. The co-payment of up to [\$50] is waived if the insured is admitted to any hospital and the emergency visit is covered as a Medicare Part A expense.</p>
Part B Excess Charges (Above Medicare Approved Amounts)	\$0	\$0	All costs
<p>BLOOD</p> <p>First 3 pints</p> <p>Next \$[135] of Medicare Approved Amounts*</p> <p>Remainder of Medicare Approved Amounts</p>	<p>\$0</p> <p>\$0</p> <p>80%</p>	<p>All costs</p> <p>\$0</p> <p>20%</p>	<p>\$0</p> <p>\$[135] (Part B deductible)</p> <p>\$0</p>
CLINICAL LABORATORY SERVICES—TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
HOME HEALTH CARE MEDICARE APPROVED SERVICES Medically necessary skilled care services and medical supplies —Durable medical equipment	100%	\$0	\$0
First \$[135] of Medicare Approved Amounts*	\$0	\$0	\$[135] (Part B deductible)
Remainder of Medicare Approved Amounts	80%	20%	\$0

OTHER BENEFITS—NOT COVERED BY MEDICARE

SERVICES	MEDICARE PAYS	PLAN PAYS	YOU PAY
FOREIGN TRAVEL— NOT COVERED BY MEDICARE Medically necessary emergency care services beginning during the first 60 days of each trip outside the USA			
First \$250 each calendar year	\$0	\$0	\$250
Remainder of Charges	\$0	80% to a lifetime maximum benefit of \$50,000	20% and amounts over the \$50,000 lifetime maximum

E. Notice Regarding Policies or Certificates Which Are Not Medicare Supplement Policies.

- (1) Any accident and sickness insurance policy or certificate, other than a Medicare supplement policy a policy issued pursuant to a contract under Section 1876 of the Federal Social Security Act (42 U.S.C. § 1395 et seq.), disability income policy; or other policy identified in Section 3B of this regulation, issued for delivery in this state to persons eligible for Medicare shall notify insureds under the policy that the policy is not a Medicare supplement policy or certificate. The notice shall either be printed or attached to the first page of the outline of coverage delivered to insureds under the policy, or if no outline of coverage is delivered, to the first page of the policy, or certificate delivered to insureds. The notice shall be in no less than twelve (12) point type and shall contain the following language:

“THIS [POLICY OR CERTIFICATE] IS NOT A MEDICARE SUPPLEMENT [POLICY OR CONTRACT]. If you are eligible for Medicare, review the Guide to Health Insurance for People with Medicare available from the company.”

- (2) Applications provided to persons eligible for Medicare for the health insurance policies or certificates described in Subsection D(1) shall disclose, using the applicable statement in Appendix C, the extent to which the policy duplicates Medicare. The disclosure statement shall be provided as a part of, or together with, the application for the policy or certificate.

Section 18. Requirements for Application Forms and Replacement Coverage

- A. Application forms shall include the following questions designed to elicit information as to whether, as of the date of the application, the applicant currently has Medicare supplement, Medicare Advantage, Medicaid coverage, or another health insurance policy or certificate in force or whether a Medicare supplement policy or certificate is intended to replace any other accident and sickness policy or certificate presently in force. A supplementary application or other form to be signed by the applicant and agent containing such questions and statements may be used.

[Statements]

- (1) You do not need more than one Medicare supplement policy.
- (2) If you purchase this policy, you may want to evaluate your existing health coverage and decide if you need multiple coverages.
- (3) You may be eligible for benefits under Medicaid and may not need a Medicare supplement policy.
- (4) If, after purchasing this policy, you become eligible for Medicaid, the benefits and premiums under your Medicare supplement policy can be suspended, if requested, during your entitlement to benefits under Medicaid for 24 months. You must request this suspension within 90 days of becoming eligible for Medicaid. If you are no longer entitled to Medicaid, your suspended Medicare supplement policy (or, if that is no longer available, a substantially equivalent policy) will be reinstituted if requested within 90 days of losing Medicaid eligibility. If the Medicare supplement policy provided coverage for

outpatient prescription drugs and you enrolled in Medicare Part D while your policy was suspended, the reinstituted policy will not have outpatient prescription drug coverage, but will otherwise be substantially equivalent to your coverage before the date of the suspension.

- (5) If you are eligible for, and have enrolled in a Medicare supplement policy by reason of disability and you later become covered by an employer or union-based group health plan, the benefits and premiums under your Medicare supplement policy can be suspended, if requested, while you are covered under the employer or union-based group health plan. If you suspend your Medicare supplement policy under these circumstances, and later lose your employer or union-based group health plan, your suspended Medicare supplement policy (or, if that is no longer available, a substantially equivalent policy) will be reinstituted if requested within 90 days of losing your employer or union-based group health plan. If the Medicare supplement policy provided coverage for outpatient prescription drugs and you enrolled in Medicare Part D while your policy was suspended, the reinstituted policy will not have outpatient prescription drug coverage, but will otherwise be substantially equivalent to your coverage before the date of the suspension.
- (6) Counseling services may be available in your state to provide advice concerning your purchase of Medicare supplement insurance and concerning medical assistance through the state Medicaid program, including benefits as a Qualified Medicare Beneficiary (QMB) and a Specified Low-Income Medicare Beneficiary (SLMB).

[Questions]

If you lost or are losing other health insurance coverage and received a notice from your prior insurer saying you were eligible for guaranteed issue of a Medicare supplement insurance policy, or that you had certain rights to buy such a policy, you may be guaranteed acceptance in one or more of our Medicare supplement plans. Please include a copy of the notice from your prior insurer with your application. PLEASE ANSWER ALL QUESTIONS.

[Please mark Yes or No below with an "X"]

To the best of your knowledge,

- (1) (a) Did you turn age 65 in the last 6 months?

Yes____ No____

- (b) Did you enroll in Medicare Part B in the last 6 months?

Yes____ No____

- (c) If yes, what is the effective date? _____

- (2) Are you covered for medical assistance through the state Medicaid program?

[NOTE TO APPLICANT: If you are participating in a "Spend-Down Program" and have not met your "Share of Cost," please answer NO to this question.]

Yes____ No____

If yes,

- (a) Will Medicaid pay your premiums for this Medicare supplement policy?

Yes____ No____

- (b) Do you receive any benefits from Medicaid OTHER THAN payments toward your Medicare Part B premium?

Yes____ No____

- (3) (a) If you had coverage from any Medicare plan other than original Medicare within the past 63 days (for example, a Medicare Advantage plan, or a Medicare HMO or PPO), fill in your start and end dates below. If you are still covered under this plan, leave "END" blank.

START __/__/__ END __/__/__

- (b) If you are still covered under the Medicare plan, do you intend to replace your current coverage with this new Medicare supplement policy?

Yes____ No____

- (c) Was this your first time in this type of Medicare plan?

Yes____ No____

- (d) Did you drop a Medicare supplement policy to enroll in the Medicare plan?

Yes____ No____

- (4) (a) Do you have another Medicare supplement policy in force?

Yes____ No____

- (b) If so, with what company, and what plan do you have [optional for Direct Mailers]?

- (c) If so, do you intend to replace your current Medicare supplement policy with this policy?

Yes____ No____

- (5) Have you had coverage under any other health insurance within the past 63 days? (For example, an employer, union, or individual plan)

Yes____ No____

- (a) If so, with what company and what kind of policy?

- (b) What are your dates of coverage under the other policy?

START __/__/__ END __/__/__

(If you are still covered under the other policy, leave “END” blank.)

- B. Agents shall list any other health insurance policies they have sold to the applicant.

- (1) List policies sold which are still in force.
- (2) List policies sold in the past five (5) years that are no longer in force.

- C. In the case of a direct response issuer, a copy of the application or supplemental form, signed by the applicant, and acknowledged by the insurer, shall be returned to the applicant by the insurer upon delivery of the policy.

- D. Upon determining that a sale will involve replacement of Medicare supplement coverage, any issuer, other than a direct response issuer, or its agent, shall furnish the applicant, prior to issuance or delivery of the Medicare supplement policy or certificate, a notice regarding replacement of Medicare supplement coverage. One copy of the notice signed by the applicant and the agent, except where the coverage is sold without an agent, shall be provided to the applicant and an additional signed copy shall be retained by the issuer. A direct response issuer shall deliver to the applicant at the time of the issuance of the policy the notice regarding replacement of Medicare supplement coverage.

- E. The notice required by Subsection D above for an issuer shall be provided in substantially the following form in no less than twelve (12) point type:

NOTICE TO APPLICANT REGARDING REPLACEMENT
OF MEDICARE SUPPLEMENT INSURANCE
OR MEDICARE ADVANTAGE

[Insurance company's name and address]

SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE.

According to [your application] [information you have furnished], you intend to terminate existing Medicare supplement or Medicare Advantage insurance and replace it with a policy to be issued by [Company Name] Insurance Company. Your new policy will provide thirty (30) days within which you may decide without cost whether you desire to keep the policy.

You should review this new coverage carefully. Compare it with all accident and sickness coverage you now have. If, after due consideration, you find that purchase of this Medicare supplement coverage is a wise decision, you should terminate your present Medicare supplement or Medicare Advantage coverage. You should evaluate the need for other accident and sickness coverage you have that may duplicate this policy.

STATEMENT TO APPLICANT BY ISSUER, AGENT [BROKER OR OTHER REPRESENTATIVE]:

I have reviewed your current medical or health insurance coverage. To the best of my knowledge, this Medicare supplement policy will not duplicate your existing Medicare supplement or, if applicable, Medicare Advantage coverage because you intend to terminate your existing Medicare supplement coverage or leave your Medicare Advantage plan. The replacement policy is being purchased for the following reason (check one):

- ☐ Additional benefits.
- ☐ No change in benefits, but lower premiums.
- ☐ Fewer benefits and lower premiums.
- ☐ My plan has outpatient prescription drug coverage and I am enrolling in Part D.
- ☐ Disenrollment from a Medicare Advantage plan. Please explain reason for disenrollment. [optional only for Direct Mailers.]
- ☐ Other. (please specify) _____

1. Note: If the issuer of the Medicare supplement policy being applied for does not, or is otherwise prohibited from imposing pre-existing condition limitations, please skip to statement 2 below. Health conditions that you may presently have (preexisting conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay of a claim for benefits under the new policy, whereas a similar claim might have been payable under your present policy.
2. State law provides that your replacement policy or certificate may not contain new preexisting conditions, waiting periods, elimination periods or probationary periods. The insurer will waive any time periods applicable to preexisting conditions, waiting periods, elimination periods, or probationary periods in the new policy (or coverage) for similar benefits to the extent such time was spent (depleted) under the original policy.
3. If, you still wish to terminate your present policy and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical and health history. Failure to include all material medical information on an application may provide a basis for the company to deny any future claims and to refund your premium as though your policy had never been in force. After the application has been completed and before you sign it, review it carefully to be certain that all information has been properly recorded. [If the policy or certificate is guaranteed issue, this paragraph need not appear.]

Do not cancel your present policy until you have received your new policy and are sure that you want to keep it.

(Signature of Agent, Broker or Other Representative)*

[Typed Name and Address of Issuer, Agent or Broker]

(Applicant's Signature)

(Date)

*Signature not required for direct response sales.

- F. Paragraphs 1 and 2 of the replacement notice (applicable to preexisting conditions) may be deleted by an issuer if the replacement does not involve application of a new preexisting condition limitation.

Section 19. Filing Requirements for Advertising

An issuer shall provide a copy of any Medicare supplement advertisement intended for use in this state whether through written, radio or television medium to the Commissioner of Insurance of this state for review or approval by the commissioner to the extent it may be required under state law.

Drafting Note: States should examine their existing laws regarding the filing of advertisements to determine the extent to which review or approval is required.

Section 20. Standards for Marketing

- A. An issuer, directly or through its producers, shall:
- (1) Establish marketing procedures to assure that any comparison of policies by its agents or other producers will be fair and accurate.
 - (2) Establish marketing procedures to assure excessive insurance is not sold or issued.
 - (3) Display prominently by type, stamp or other appropriate means, on the first page of the policy the following:

"Notice to buyer: This policy may not cover all of your medical expenses."
 - (4) Inquire and otherwise make every reasonable effort to identify whether a prospective applicant or enrollee for Medicare supplement insurance already has accident and sickness insurance and the types and amounts of any such insurance.
 - (5) Establish auditable procedures for verifying compliance with this Subsection A.
- B. In addition to the practices prohibited in [insert citation to state unfair trade practices act], the following acts and practices are prohibited:
- (1) Twisting. Knowingly making any misleading representation or incomplete or fraudulent comparison of any insurance policies or insurers for the purpose of inducing, or tending to induce, any person to lapse, forfeit, surrender, terminate, retain, pledge, assign, borrow on, or convert an insurance policy or to take out a policy of insurance with another insurer.

- (2) High pressure tactics. Employing any method of marketing having the effect of or tending to induce the purchase of insurance through force, fright, threat, whether explicit or implied, or undue pressure to purchase or recommend the purchase of insurance.
 - (3) Cold lead advertising. Making use directly or indirectly of any method of marketing which fails to disclose in a conspicuous manner that a purpose of the method of marketing is solicitation of insurance and that contact will be made by an insurance agent or insurance company.
- C. The terms “Medicare Supplement,” “Medigap,” “Medicare Wrap-Around” and words of similar import shall not be used unless the policy is issued in compliance with this regulation.

Drafting Note: Remember that the Unfair Trade Practice Act in your state applies to Medicare supplement insurance policies and certificates.

Section 21. Appropriateness of Recommended Purchase and Excessive Insurance

- A. In recommending the purchase or replacement of any Medicare supplement policy or certificate an agent shall make reasonable efforts to determine the appropriateness of a recommended purchase or replacement.
- B. Any sale of a Medicare supplement policy or certificate that will provide an individual more than one Medicare supplement policy or certificate is prohibited.
- C. An issuer shall not issue a Medicare supplement policy or certificate to an individual enrolled in Medicare Part C unless the effective date of the coverage is after the termination date of the individual’s Part C coverage.

Section 22. Reporting of Multiple Policies

- A. On or before March 1 of each year, an issuer shall report the following information for every individual resident of this state for which the issuer has in force more than one Medicare supplement policy or certificate:
 - (1) Policy and certificate number; and
 - (2) Date of issuance.
- B. The items set forth above must be grouped by individual policyholder.

Editor’s Note: Appendix B contains a reporting form for compliance with this section.

Section 23. Prohibition Against Preexisting Conditions, Waiting Periods, Elimination Periods and Probationary Periods in Replacement Policies or Certificates

- A. If a Medicare supplement policy or certificate replaces another Medicare supplement policy or certificate, the replacing issuer shall waive any time periods applicable to preexisting conditions, waiting periods, elimination periods and probationary periods in the new Medicare supplement policy or certificate for similar benefits to the extent such time was spent under the original policy.

- B. If a Medicare supplement policy or certificate replaces another Medicare supplement policy or certificate which has been in effect for at least six (6) months, the replacing policy shall not provide any time period applicable to preexisting conditions, waiting periods, elimination periods and probationary periods for benefits similar to those contained in the original policy or certificate.

Drafting Note: Although NAIC is restricted from making revisions to its models that do not conform to the Omnibus Budget Reconciliation Act of 1990, states are encouraged to consider deletion of the words “for similar benefits” in Subsection A and the words “for benefits similar to those contained in the original policy or certificate” in Subsection B. States should eliminate Paragraphs (1) and (2) (applicable to preexisting conditions) of the replacement notice required by Section 16E.

Section 24. Prohibition Against Use of Genetic Information and Requests for Genetic Testing

This Section applies to all policies with policy years beginning on or after May 21, 2009.

- A. An issuer of a Medicare supplement policy or certificate;
 - 1. shall not deny or condition the issuance or effectiveness of the policy or certificate (including the imposition of any exclusion of benefits under the policy based on a pre-existing condition) on the basis of the genetic information with respect to such individual; and
 - 2. shall not discriminate in the pricing of the policy or certificate (including the adjustment of premium rates) of an individual on the basis of the genetic information with respect to such individual.
- B. Nothing in Subsection A shall be construed to limit the ability of an issuer, to the extent otherwise permitted by law, from
 - 1. Denying or conditioning the issuance or effectiveness of the policy or certificate or increasing the premium for a group based on the manifestation of a disease or disorder of an insured or applicant; or
 - 2. Increasing the premium for any policy issued to an individual based on the manifestation of a disease or disorder of an individual who is covered under the policy (in such case, the manifestation of a disease or disorder in one individual cannot also be used as genetic information about other group members and to further increase the premium for the group).
- C. An issuer of a Medicare supplement policy or certificate shall not request or require an individual or a family member of such individual to undergo a genetic test.
- D. Subsection C shall not be construed to preclude an issuer of a Medicare supplement policy or certificate from obtaining and using the results of a genetic test in making a determination regarding payment (as defined for the purposes of applying the regulations promulgated under part C of title XI and section 264 of the Health Insurance Portability and Accountability Act of 1996, as may be revised from time to time) and consistent with Subsection A.
- E. For purposes of carrying out Subsection D, an issuer of a Medicare supplement policy or certificate may request only the minimum amount of information necessary to accomplish the intended purpose.

- F. Notwithstanding Subsection C, an issuer of a Medicare supplement policy may request, but not require, that an individual or a family member of such individual undergo a genetic test if each of the following conditions is met:
- (1) The request is made pursuant to research that complies with part 46 of title 45, Code of Federal Regulations, or equivalent Federal regulations, and any applicable State or local law or regulations for the protection of human subjects in research.
 - (2) The issuer clearly indicates to each individual, or in the case of a minor child, to the legal guardian of such child, to whom the request is made that –
 - (a) compliance with the request is voluntary; and
 - (b) non-compliance will have no effect on enrollment status or premium or contribution amounts.
 - (3) No genetic information collected or acquired under this Subsection shall be used for underwriting, determination of eligibility to enroll or maintain enrollment status, premium rates, or the issuance, renewal, or replacement of a policy or certificate.
 - (4) The issuer notifies the Secretary in writing that the issuer is conducting activities pursuant to the exception provided for under this Subsection, including a description of the activities conducted.
 - (5) The issuer complies with such other conditions as the Secretary may by regulation require for activities conducted under this Subsection.
- G. An issuer of a Medicare supplement policy or certificate shall not request, require, or purchase genetic information for underwriting purposes.
- H. An issuer of a Medicare supplement policy or certificate shall not request, require, or purchase genetic information with respect to any individual prior to such individual's enrollment under the policy in connection with such enrollment.
- I. If an issuer of a Medicare supplement policy or certificate obtains genetic information incidental to the requesting, requiring, or purchasing of other information concerning any individual, such request, requirement, or purchase shall not be considered a violation of Subsection H if such request, requirement, or purchase is not in violation of Subsection G.
- J. For the purposes of this Section only:
- (1) "Issuer of a Medicare supplement policy or certificate" includes third-party administrator, or other person acting for or on behalf of such issuer.

Drafting Note: Not all states currently regulate third-party administrators. However, the Genetic Information Nondiscrimination Act of 2008 requires that third-party administrators be included in the definition of an issuer of a Medicare supplement policy or certificate.

- (2) "Family member" means, with respect to an individual, any other individual who is a first-degree, second-degree, third-degree, or fourth-degree relative of such individual.

- (3) “Genetic information” means, with respect to any individual, information about such individual’s genetic tests, the genetic tests of family members of such individual, and the manifestation of a disease or disorder in family members of such individual. Such term includes, with respect to any individual, any request for, or receipt of, genetic services, or participation in clinical research which includes genetic services, by such individual or any family member of such individual. Any reference to genetic information concerning an individual or family member of an individual who is a pregnant woman, includes genetic information of any fetus carried by such pregnant woman, or with respect to an individual or family member utilizing reproductive technology, includes genetic information of any embryo legally held by an individual or family member. The term “genetic information” does not include information about the sex or age of any individual.
- (4) “Genetic services” means a genetic test, genetic counseling (including obtaining, interpreting, or assessing genetic information), or genetic education.
- (5) “Genetic test” means an analysis of human DNA, RNA, chromosomes, proteins, or metabolites, that detect genotypes, mutations, or chromosomal changes. The term “genetic test” does not mean an analysis of proteins or metabolites that does not detect genotypes, mutations, or chromosomal changes; or an analysis of proteins or metabolites that is directly related to a manifested disease, disorder, or pathological condition that could reasonably be detected by a health care professional with appropriate training and expertise in the field of medicine involved.
- (6) “Underwriting purposes” means,
 - (a) rules for, or determination of, eligibility (including enrollment and continued eligibility) for benefits under the policy;
 - (b) the computation of premium or contribution amounts under the policy;
 - (c) the application of any pre-existing condition exclusion under the policy; and
 - (d) other activities related to the creation, renewal, or replacement of a contract of health insurance or health benefits.

Section 25. Separability

If any provision of this regulation or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 26. Effective Date

This regulation shall be effective on [insert date].

Chronological Summary of Actions (all references are to the Proceedings of the NAIC).

1980 Proc. II 22, 26, 588, 591, 593, 595-603 (adopted).
1981 Proc. I 47, 51, 420, 422, 424, 466-447, 470-481 (amended and reprinted).
1988 Proc. I 9, 20-21, 629-630, 652-654, 668-677 (amended and reprinted).
1988 Proc. II 5, 13, 568, 601, 604, 615-624 (amended and reprinted).
1989 Proc. I 14, 813-814, 836, 4-836.26 (amended at special plenary session September 1988).
1989 Proc. I 9, 25, 703, 753-754, 757-760 (appendices amended at regular plenary session).
1990 Proc. I 6, 27-28, 477, 574-576, 580-599 (amended and reprinted).
1990 Proc. II 7, 16, 599, 656, 657 (adopted reporting form).
1992 Proc. I 12, 16-75, 1084-1085 (amended at special plenary session in July 1991).
1995 Proc. 1st Quarter 7, 12, 501, 575, 586, 592-615 (amended and most of model reprinted).
1998 Proc. 1st Quarter 769, 772-799, 905 (amended).
1998 Proc. 3rd Quarter 15, 576, 697, 701, 702-717 (amended).
2000 Proc. 2nd Quarter 21-22, 162, 273, 275-288 (amended).
2001 Proc. 2nd Quarter 13, 14, 118, 171, 176, 181-187 (amended).
2004 Proc. 3rd Quarter 84, 679-681, 747, 748-866 (amended and reprinted).
2008 Proc. 3rd Quarter (amended and reprinted).

APPENDIX A

MEDICARE SUPPLEMENT REFUND CALCULATION FORM
FOR CALENDAR YEAR _____

TYPE¹ _____ SMSBP² _____
 For the State of _____ Company Name _____
 NAIC Group Code _____ NAIC Company Code _____
 Address _____ Person Completing Exhibit _____
 Title _____ Telephone Number _____

Line		(a) Earned Premium ³	(b) Incurred Claims ⁴
1.	Current Year's Experience		
	a. Total (all policy years)		
	b. Current year's issues ⁵		
	c. Net (for reporting purposes = 1a-1b)		
2.	Past Years' Experience (all policy years)		
3.	Total Experience (Net Current Year + Past Year)		
4.	Refunds Last Year (Excluding Interest)		
5.	Previous Since Inception (Excluding Interest)		
6.	Refunds Since Inception (Excluding Interest)		
7.	Benchmark Ratio Since Inception (see worksheet for Ratio 1)		
8.	Experienced Ratio Since Inception (Ratio 2) <u>Total Actual Incurred Claims (line 3, col. b)</u> Total Earned Prem. (line 3, col. a)–Refunds Since Inception (line 6)		
9.	Life Years Exposed Since Inception If the Experienced Ratio is less than the Benchmark Ratio, and there are more than 500 life years exposure, then proceed to calculation of refund.		
10.	Tolerance Permitted (obtained from credibility table)		

Medicare Supplement Credibility Table

Life Years Exposed	
Since Inception	Tolerance
10,000 +	0.0%
5,000 -9,999	5.0%
2,500 -4,999	7.5%
1,000 -2,499	10.0%
500 - 999	15.0%
If less than 500, no credibility.	

1 Individual, Group, Individual Medicare Select, or Group Medicare Select Only.

2 "SMSBP" = Standardized Medicare Supplement Benefit Plan - Use "P" for pre-standardized plans.

3 Includes Modal Loadings and Fees Charged

4 Excludes Active Life Reserves

5 This is to be used as "Issue Year Earned Premium" for Year 1 of next year's "Worksheet for Calculation of Benchmark Ratios"

MEDICARE SUPPLEMENT REFUND CALCULATION FORM
FOR CALENDAR YEAR _____

TYPE¹ _____ SMSBP² _____
 For the State of _____ Company Name _____
 NAIC Group Code _____ NAIC Company Code _____
 Address _____ Person Completing Exhibit _____
 Title _____ Telephone Number _____

11.	Adjustment to Incurred Claims for Credibility Ratio 3 = Ratio 2 + Tolerance	
-----	--	--

If Ratio 3 is more than Benchmark Ratio (Ratio 1), a refund or credit to premium is not required.
 If Ratio 3 is less than the Benchmark Ratio, then proceed.

12.	Adjusted Incurred Claims [Total Earned Premiums (line 3, col. a)–Refunds Since Inception (line 6)] x Ratio 3 (line 11)	
13.	Refund = Total Earned Premiums (line 3, col. a)–Refunds Since Inception (line 6) –[Adjusted Incurred Claims (line 12)/Benchmark Ratio (Ratio 1)]	

If the amount on line 13 is less than .005 times the annualized premium in force as of December 31 of the reporting year, then no refund is made. Otherwise, the amount on line 13 is to be refunded or credited, and a description of the refund or credit against premiums to be used must be attached to this form.

I certify that the above information and calculations are true and accurate to the best of my knowledge and belief.

Signature

Name - Please Type

Title - Please Type

Date

REPORTING FORM FOR THE CALCULATION OF BENCHMARK
RATIO SINCE INCEPTION FOR GROUP POLICIES
FOR CALENDAR YEAR _____

TYPE¹ _____ SMSBP² _____
 For the State of _____ Company Name _____
 NAIC Group Code _____ NAIC Company Code _____
 Address _____ Person Completing Exhibit _____
 Title _____ Telephone Number _____

(a) ³	(b) ⁴	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(o) ⁵
Year	Earned Premium	Factor	(b)x(c)	Cumulative Loss Ratio	(d)x(e)	Factor	(b)x(g)	Cumulative Loss Ratio	(h)x(i)	Policy Year Loss Ratio
1		2.770		0.507		0.000		0.000		0.46
2		4.175		0.567		0.000		0.000		0.63
3		4.175		0.567		1.194		0.759		0.75
4		4.175		0.567		2.245		0.771		0.77
5		4.175		0.567		3.170		0.782		0.80
6		4.175		0.567		3.998		0.792		0.82
7		4.175		0.567		4.754		0.802		0.84
8		4.175		0.567		5.445		0.811		0.87
9		4.175		0.567		6.075		0.818		0.88
10		4.175		0.567		6.650		0.824		0.88
11		4.175		0.567		7.176		0.828		0.88
12		4.175		0.567		7.655		0.831		0.88
13		4.175		0.567		8.093		0.834		0.89
14		4.175		0.567		8.493		0.837		0.89
15+ ⁶		4.175		0.567		8.684		0.838		0.89
Total:			(k):		(l):		(m):		(n):	

Benchmark Ratio Since Inception: $(l + n)/(k + m)$: _____

¹ Individual, Group, Individual Medicare Select, or Group Medicare Select Only.

² "SMSBP" = Standardized Medicare Supplement Benefit Plan - Use "P" for pre-standardized plans

³ Year 1 is the current calendar year - 1. Year 2 is the current calendar year - 2 (etc.) (Example: If the current year is 1991, then: Year 1 is 1990; Year 2 is 1989, etc.)

⁴ For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.

⁵ These loss ratios are not explicitly used in computing the benchmark loss ratios. They are the loss ratios, on a policy year basis, which result in the cumulative loss ratios displayed on this worksheet. They are shown here for informational purposes only.

⁶ To include the earned premium for all years prior to as well as the 15th year prior to the current year.

REPORTING FORM FOR THE CALCULATION OF BENCHMARK
RATIO SINCE INCEPTION FOR INDIVIDUAL POLICIES
FOR CALENDAR YEAR _____

TYPE¹ _____ SMSBP² _____
 For the State of _____ Company Name _____
 NAIC Group Code _____ NAIC Company Code _____
 Address _____ Person Completing Exhibit _____
 Title _____ Telephone Number _____

(a) ³	(b) ⁴	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(o) ⁵
Year	Earned Premium	Factor	(b)x(c)	Cumulative Loss Ratio	(d)x(e)	Factor	(b)x(g)	Cumulative Loss Ratio	(h)x(i)	Policy Year Loss Ratio
1		2.770		0.442		0.000		0.000		0.40
2		4.175		0.493		0.000		0.000		0.55
3		4.175		0.493		1.194		0.659		0.65
4		4.175		0.493		2.245		0.669		0.67
5		4.175		0.493		3.170		0.678		0.69
6		4.175		0.493		3.998		0.686		0.71
7		4.175		0.493		4.754		0.695		0.73
8		4.175		0.493		5.445		0.702		0.75
9		4.175		0.493		6.075		0.708		0.76
10		4.175		0.493		6.650		0.713		0.76
11		4.175		0.493		7.176		0.717		0.76
12		4.175		0.493		7.655		0.720		0.77
13		4.175		0.493		8.093		0.723		0.77
14		4.175		0.493		8.493		0.725		0.77
15+ ⁶		4.175		0.493		8.684		0.725		0.77
Total:			(k):		(l):		(m):		(n):	

Benchmark Ratio Since Inception: $(l + n)/(k + m)$: _____

¹ Individual, Group, Individual Medicare Select, or Group Medicare Select Only.

² "SMSBP" = Standardized Medicare Supplement Benefit Plan - Use "P" for pre-standardized plans

³ Year 1 is the current calendar year - 1. Year 2 is the current calendar year - 2 (etc.) (Example: If the current year is 1991, then: Year 1 is 1990; Year 2 is 1989, etc.)

⁴ For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.

⁵ These loss ratios are not explicitly used in computing the benchmark loss ratios. They are the loss ratios, on a policy year basis, which result in the cumulative loss ratios displayed on this worksheet. They are shown here for informational purposes only.

⁶ To include the earned premium for all years prior to as well as the 15th year prior to the current year.

APPENDIX B

FORM FOR REPORTING MEDICARE SUPPLEMENT POLICIES

Company Name: _____

Address: _____

Phone Number: _____

Due March 1, annually

The purpose of this form is to report the following information on each resident of this state who has in force more than one Medicare supplement policy or certificate. The information is to be grouped by individual policyholder.

Policy and Certificate #	Date of Issuance

Signature

Name and Title (please type)

Date

APPENDIX C

DISCLOSURE STATEMENTS

Instructions for Use of the Disclosure Statements for Health Insurance Policies Sold to Medicare Beneficiaries that Duplicate Medicare

1. Section 1882 (d) of the federal Social Security Act [42 U.S.C. 1395ss] prohibits the sale of a health insurance policy (the term policy includes certificate) to Medicare beneficiaries that duplicates Medicare benefits unless it will pay benefits without regard to a beneficiary's other health coverage and it includes the prescribed disclosure statement on or together with the application for the policy.
2. All types of health insurance policies that duplicate Medicare shall include one of the attached disclosure statements, according to the particular policy type involved, on the application or together with the application. The disclosure statement may not vary from the attached statements in terms of language or format (type size, type proportional spacing, bold character, line spacing, and usage of boxes around text).
3. State and federal law prohibits insurers from selling a Medicare supplement policy to a person that already has a Medicare supplement policy except as a replacement policy.
4. Property/casualty and life insurance policies are not considered health insurance.
5. Disability income policies are not considered to provide benefits that duplicate Medicare.
6. Long-term care insurance policies that coordinate with Medicare and other health insurance are not considered to provide benefits that duplicate Medicare.
7. The federal law does not preempt state laws that are more stringent than the federal requirements.
8. The federal law does not preempt existing state form filing requirements.
9. Section 1882 of the federal Social Security Act was amended in Subsection (d)(3)(A) to allow for alternative disclosure statements. The disclosure statements already in Appendix C remain. Carriers may use either disclosure statement with the requisite insurance product. However, carriers should use either the original disclosure statements or the alternative disclosure statements and not use both simultaneously.

[Original disclosure statement for policies that provide benefits for expenses incurred for an accidental injury only.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS</p>

This is not Medicare Supplement Insurance

This insurance provides limited benefits, if you meet the policy conditions, for hospital or medical expenses that result from accidental injury. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

This insurance duplicates Medicare benefits when it pays:

- hospital or medical expenses up to the maximum stated in the policy

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items and services

<p>Before You Buy This Insurance</p>

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Original disclosure statement for policies that provide benefits for specified limited services.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS</p>

This is not Medicare Supplement Insurance

This insurance provides limited benefits, if you meet the policy conditions, for expenses relating to the specific services listed in the policy. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

This insurance duplicates Medicare benefits when:

- any of the services covered by the policy are also covered by Medicare

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items and services

Before You Buy This Insurance

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Original disclosure statement for policies that reimburse expenses incurred for specified diseases or other specified impairments. This includes expense-incurred cancer, specified disease and other types of health insurance policies that limit reimbursement to named medical conditions.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS</p>

This is not Medicare Supplement Insurance

This insurance provides limited benefits, if you meet the policy conditions, for hospital or medical expenses only when you are treated for one of the specific diseases or health conditions listed in the policy. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

This insurance duplicates Medicare benefits when it pays:

- hospital or medical expenses up to the maximum stated in the policy

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items and services

<p>Before You Buy This Insurance</p>

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Original disclosure statement for policies that pay fixed dollar amounts for specified diseases or other specified impairments. This includes cancer, specified disease, and other health insurance policies that pay a scheduled benefit or specific payment based on diagnosis of the conditions named in the policy.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS</p>

This is not Medicare Supplement Insurance

This insurance pays a fixed amount, regardless of your expenses, if you meet the policy conditions, for one of the specific diseases or health conditions named in the policy. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

This insurance duplicates Medicare benefits because Medicare generally pays for most of the expenses for the diagnosis and treatment of the specific conditions or diagnoses named in the policy.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items and services

<p>Before You Buy This Insurance</p>

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Original disclosure statement for indemnity policies and other policies that pay a fixed dollar amount per day, excluding long-term care policies.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS</p>

This is not Medicare Supplement Insurance

This insurance pays a fixed dollar amount, regardless of your expenses, for each day you meet the policy conditions. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

This insurance duplicates Medicare benefits when:

- any expenses or services covered by the policy are also covered by Medicare

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- hospice
- other approved items and services

<p>Before You Buy This Insurance</p>

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Original disclosure statement for policies that provide benefits upon both an expense-incurred and fixed indemnity basis.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS</p>

This is not Medicare Supplement Insurance

This insurance pays limited reimbursement for expenses if you meet the conditions listed in the policy. It also pays a fixed amount, regardless of your expenses, if you meet other policy conditions. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

This insurance duplicates Medicare benefits when:

- any expenses or services covered by the policy are also covered by Medicare; or
- it pays the fixed dollar amount stated in the policy and Medicare covers the same event

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice care
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items & services

<p>Before You Buy This Insurance</p>

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Original disclosure statement for other health insurance policies not specifically identified in the preceding statements.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS</p>

This is not Medicare Supplement Insurance

This insurance provides limited benefits if you meet the conditions listed in the policy. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

This insurance duplicates Medicare benefits when it pays:

- the benefits stated in the policy and coverage for the same event is provided by Medicare

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items and services

<p>Before You Buy This Insurance</p>

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Alternative disclosure statement for policies that provide benefits for expenses incurred for an accidental injury only.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS IS NOT MEDICARE SUPPLEMENT INSURANCE</p>
--

Some health care services paid for by Medicare may also trigger the payment of benefits from this policy.

This insurance provides limited benefits, if you meet the policy conditions, for hospital or medical expenses that result from accidental injury. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items and services

This policy must pay benefits without regard to other health benefit coverage to which you may be entitled under Medicare or other insurance.

Before You Buy This Insurance

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005

.

[Alternative disclosure statement for policies that provide benefits for specified limited services.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS IS NOT MEDICARE SUPPLEMENT INSURANCE</p>
--

Some health care services paid for by Medicare may also trigger the payment of benefits under this policy.

This insurance provides limited benefits, if you meet the policy conditions, for expenses relating to the specific services listed in the policy. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items and services

This policy must pay benefits without regard to other health benefit coverage to which you may be entitled under Medicare or other insurance.

Before You Buy This Insurance

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Alternative disclosure statement for policies that reimburse expenses incurred for specified diseases or other specified impairments. This includes expense-incurred cancer, specified disease and other types of health insurance policies that limit reimbursement to named medical conditions.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS IS NOT MEDICARE SUPPLEMENT INSURANCE</p>
--

Some health care services paid for by Medicare may also trigger the payment of benefits from this policy. Medicare generally pays for most or all of these expenses.

This insurance provides limited benefits, if you meet the policy conditions, for hospital or medical expenses only when you are treated for one of the specific diseases or health conditions listed in the policy. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items and services

This policy must pay benefits without regard to other health benefit coverage to which you may be entitled under Medicare or other insurance.

Before You Buy This Insurance

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Alternative disclosure statement for policies that pay fixed dollar amounts for specified diseases or other specified impairments. This includes cancer, specified disease, and other health insurance policies that pay a scheduled benefit or specific payment based on diagnosis of the conditions named in the policy.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS IS NOT MEDICARE SUPPLEMENT INSURANCE</p>
--

Some health care services paid for by Medicare may also trigger the payment of benefits from this policy.

This insurance pays a fixed amount, regardless of your expenses, if you meet the policy conditions, for one of the specific diseases or health conditions named in the policy. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items and services

This policy must pay benefits without regard to other health benefit coverage to which you may be entitled under Medicare or other insurance.

<p>Before You Buy This Insurance</p>

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Alternative disclosure statement for indemnity policies and other policies that pay a fixed dollar amount per day, excluding long-term care policies.]

IMPORTANT NOTICE TO PERSONS ON MEDICARE
THIS IS NOT MEDICARE SUPPLEMENT INSURANCE

Some health care services paid for by Medicare may also trigger the payment of benefits from this policy.

This insurance pays a fixed dollar amount, regardless of your expenses, for each day you meet the policy conditions. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items and services

This policy must pay benefits without regard to other health benefit coverage to which you may be entitled under Medicare or other insurance.

Before You Buy This Insurance

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Alternative disclosure statement for policies that provide benefits upon both an expense-incurred and fixed indemnity basis.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS IS NOT MEDICARE SUPPLEMENT INSURANCE</p>
--

Some health care services paid for by Medicare may also trigger the payment of benefits from this policy.

This insurance pays limited reimbursement for expenses if you meet the conditions listed in the policy. It also pays a fixed amount, regardless of your expenses, if you meet other policy conditions. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice care
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items & services

This policy must pay benefits without regard to other health benefit coverage to which you may be entitled under Medicare or other insurance.

<p>Before You Buy This Insurance</p>

- ✓ Check the coverage in all health insurance policies you already have.
- ✓ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- ✓ For help in understanding your health insurance, contact your state insurance department or state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Alternative disclosure statement for other health insurance policies not specifically identified in the preceding statements.]

<p>IMPORTANT NOTICE TO PERSONS ON MEDICARE THIS IS NOT MEDICARE SUPPLEMENT INSURANCE</p>
--

Some health care services paid for by Medicare may also trigger the payment of benefits from this policy.

This insurance provides limited benefits if you meet the conditions listed in the policy. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice
- [outpatient prescription drugs if you are enrolled in Medicare Part D]
- other approved items and services

This policy must pay benefits without regard to other health benefit coverage to which you may be entitled under Medicare or other insurance.

<p>Before You Buy This Insurance</p>

- √ Check the coverage in all health insurance policies you already have.
- √ For more information about Medicare and Medicare Supplement insurance, review the Guide to Health Insurance for People with Medicare, available from the insurance company.
- √ For help in understanding your health insurance, contact your state insurance department or your state [health] insurance [assistance] program [SHIP].

Drafting Note: Insurers insert reference to: outpatient prescription drugs and state health insurance assistance program (SHIP) above when new notices need to be printed after December 31, 2005.

[Increase Text](#)[Print This Page](#)[Contact Us](#)[BASIC INFORMATION](#)[ADD DRUGS](#)[ADD PHARMACY](#)[COMPARE PLANS](#)**PLANS AVAILABLE TO YOU****VIEW PLANS AND COMPARE**

Here's a detailed list of plans available in your area. Check the box next to the plans (up to three) you wish to compare, and click on the "Compare" button. This will allow you to compare additional plan details side by side. To view that plan's details, click on the link under the plan name. Some plans offer even more ways to save money; clicking the "Save up to..." links will display the details.

Note: If you choose to enroll in one of the **BCN Advantage HMO-POS** MAPD or MA plans, you will also be eligible to enroll in the new **BCN Advantage Dental/Vision Buy-up product** for an additional \$15.00 a month. [Please Click Here to learn more.](#)

Note: If you are looking for a **Medicare Supplement** plan, your premium may be higher if you are not eligible for a **Guaranteed Issue**.

Note: Certain factors may affect the monthly premium cost.

The medical costs below are estimated annual costs based on your age and the health status you have provided us. Because medical costs can vary depending on your specific situation and needs, if you are reviewing medical costs, please be aware the projected medical costs are estimations and may not represent your actual expenses.

PREVIOUS[MAPD \(Medical Plans With Drug Coverage\)](#)[PDP \(Prescription Drug Plan Only\)](#)[MA \(Medical Plans Without Drug Coverage\)](#)[Medicare Supplement](#)[COMPARE UP TO 3 PLANS](#)[Total Estimated Cost](#)☐ Check to compare**LEGACY PLAN A**

Plan Type Plan A	Monthly Price \$39.88	Total estimated costs ? \$699
----------------------------	---------------------------------	---

[ENROLL IN THIS PLAN](#)[VIEW PLAN DETAILS](#)☐ Check to compare**LEGACY PLAN C**

Plan Type Plan C	Monthly Price \$121.22	Total estimated costs ? \$1,463
----------------------------	----------------------------------	---

[ENROLL IN THIS PLAN](#)[VIEW PLAN DETAILS](#)☐ Check to compare**MYBLUE MEDIGAP PLAN A**

Plan Type Plan A	Monthly Price \$119.31	Total estimated costs ? \$1,652
----------------------------	----------------------------------	---

[ENROLL IN THIS PLAN](#)[VIEW PLAN DETAILS](#)

12-014475-CZ
FILED IN MY OFFICE
WAYNE COUNTY CLERK

10/31/2012 10:22:20 AM

CATHY M. GARRETT

☐ Check to compare**MYBLUE MEDIGAP PLAN N**

Plan Type Plan N	Monthly Price \$137.51	Total estimated costs ? \$1,829
----------------------------	----------------------------------	---

[ENROLL IN THIS PLAN](#)[VIEW PLAN DETAILS](#)☐ Check to compare**MYBLUE MEDIGAP PLAN M**

Plan Type Plan M	Monthly Price \$146.81	Total estimated costs ? \$1,935
----------------------------	----------------------------------	---

[ENROLL IN THIS PLAN](#)[VIEW PLAN DETAILS](#)☐ Check to compare**MYBLUE MEDIGAP PLAN F**

Plan Type Plan F	Monthly Price \$172.89	Total estimated costs ? \$2,075
----------------------------	----------------------------------	---

[ENROLL IN THIS PLAN](#)[VIEW PLAN DETAILS](#)[Change My Medicare Supplement Information](#)[PREVIOUS](#)**HELPFUL TOOLS**[Physician Finder, Formulary Drug
Finder, Pharmacy Finder](#)[Glossary](#)[Enroll Now!](#)[Hear what you've been missing with
our hearing benefit](#)[Open your eyes to our vision benefit](#)[Smile brightly with our dental services](#)[Get moving with our fitness benefit](#)[Access the BCN Advantage
transportation benefit](#)[Bathroom safety bars to keep you safe](#)[Additional Dental/Vision Buy-up
Coverage for ONLY \\$15.00 Dollars](#)**MEDICARE 101**[New to Medicare?
Need a refresher?](#)[Read a comprehensive
Medicare guide.](#)[LEARN MORE](#)**SIGN IN TO YOUR MYBLUE
MEDICARE ACCOUNT**[SIGN IN](#)[Sign up for a MyBlue Medicare account](#)[Home](#) [Enroll](#) [Privacy Policy](#) [Terms of Use](#) [Tech Support](#) [Disclaimer](#)

You must continue to pay your Medicare Part B premium.

Medicare Plus Blue PPOSM and **BCN Advantage HMO-POSSM** are health plans with Medicare contracts. **Prescription Blue PDPSM** is a stand-alone prescription drug plan with a Medicare contract.

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Last Updated: 10/15/2012 at 12:00 AM PST

CMS Pending Approval

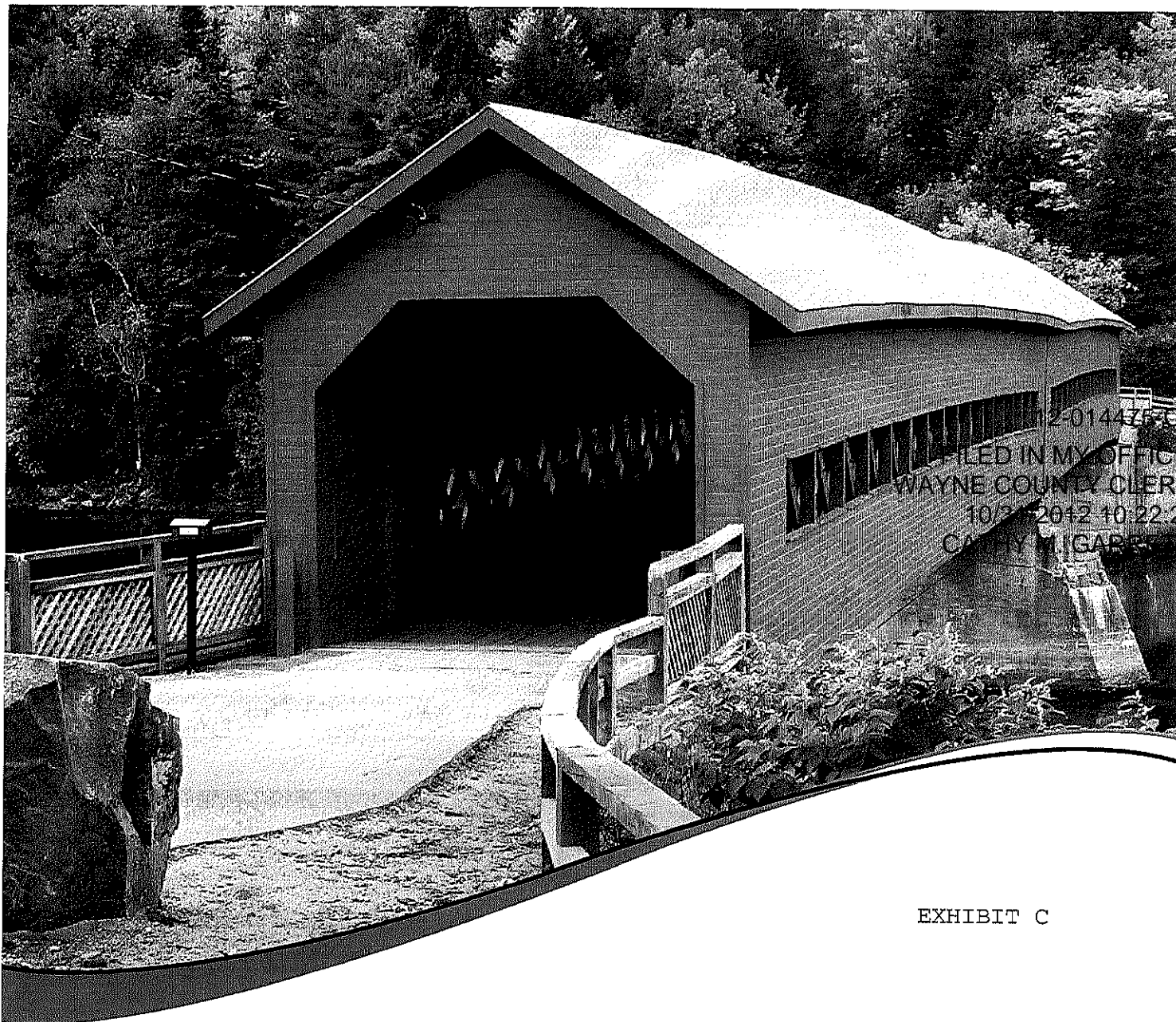


EXHIBIT C

*Medicare Supplement Coverage offered by
Blue Cross Blue Shield of Michigan*

Legacy MedigapSM

**Outline of Medigap insurance coverage
and enrollment application for**



2012 Plan A and Plan C

LEGM_S_LegacyMedigapBrochure FVNR 1211

Legacy Medigap plan options and premiums

Blue Cross Blue Shield of Michigan offers two Legacy Medigap plans, each offering different levels of benefits. All eligible applicants pay the same premium for the plan they select.

	Plan A	Plan C
Monthly premium per person	\$39.88	\$121.22
Michigan claims tax assessment	\$0.54	\$1.64
Total due each month	\$40.42	\$122.86

Please note: The tax amount can be adjusted in the future to reflect changes in the assessment to fund actual tax payment. (Monthly premiums noted above were effective 08/01/2011 and are subject to change.)

In all cases, Blue Cross Blue Shield of Michigan will not reject your application based on your age or health status; however, you must meet the following requirements to be eligible for Legacy Medigap:

- Reside in Michigan for at least six months of the year
- Have a Michigan driver's license or State ID card (additional verification of residency may be requested)
- Be eligible for Medicare coverage and enrolled in Medicare Parts A and B at age 65
- Can't have premium funded or reimbursed by employer
- Can't be eligible for a retiree program or employer-sponsored health care as active or retired employee
- Can't be eligible for a retiree program through an employer where employer pays a portion of the premium

Like Medicare, Legacy Medigap is accepted nationwide and the plan is easy to use. There are no provider networks or referrals. Just use any health care provider who accepts Medicare. Simply present your Blues ID card along with your red, white and blue Medicare health insurance card whenever you get health care services. We'll coordinate payment with Medicare and your health care providers and, in most cases, you'll never have to bother with claim filing or paperwork.

Premium information

All applicants pay the same premium for the plan they select provided they remain a Michigan resident. If state residency should change, your premium will increase. If you are a Michigan resident, we can only raise your premium if we raise the premium for all policies for residents of Michigan.

In all cases, Blue Cross Blue Shield of Michigan will not reject your application based on your age or health status.

Coverage replacement

Because Legacy Medigap expands Original Medicare benefits, you need only one Medigap plan. If you have other coverage, such as coverage through an employer-sponsored health plan or another Medigap plan, you should not cancel that coverage until you have actually received your new ID card and are sure you want to keep Legacy Medigap coverage.

If you are currently enrolled in a Medicare Advantage plan and wish to enroll in Medigap, you must disenroll in writing from Medicare Advantage before enrolling in Medigap. You can disenroll from Medicare Advantage only at certain times of the year. Call your Medicare Advantage customer service department for information on how to disenroll from that plan and prevent a lapse in coverage.

Choose a plan option that meets your needs.

This following chart outlines the two coverage options offered by Blue Cross Blue Shield of Michigan Legacy Medigap: Plan A and Plan C. Use the chart and the premium information on page 3 to compare benefits and premiums among policies, certificates of coverage and contracts and premiums offered by Blue Cross Blue Shield of Michigan and other plans. The outline of coverage does not give all the details of Medicare coverage. For information about your Medicare Part A and Part B coverage, contact your local Social Security office or consult the Medicare guidebook, *Medicare & You* (available online at www.medicare.gov/Publications/Pubs/pdf/10050.pdf). Medicare benefits are subject to change. Please consult the latest *Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare*, which can be found on the Web at www.medicare.gov/medigap.

Once enrolled in Legacy Medigap, we'll send you a member ID card.

Note: The Legacy Medigap plan may not fully cover all of your medical costs. When you receive covered services from a provider that does not accept Medicare assignment, you are responsible for the difference between the provider's charge and the Medicare-approved amount, plus any deductible or coinsurance amounts required by the Legacy Medigap plan you select.

This document is the Blue Cross Blue Shield of Michigan Legacy Medigap plan outline of coverage. Details and exceptions of the plan follow. The chart on the following pages outlines the coverage under each plan option.

Your payment options

You may make payments through authorized automatic deductions from your bank account or by personal check, money order, or cashier's check. See the enrollment application in this brochure for details on payment methods.

What is Medigap coverage?

Medigap coverage, also called Medicare supplemental coverage, is a health policy that works in conjunction with Original Medicare to expand your Part A (hospital) and Part B (medical) benefits and lower your out-of-pocket costs. As your primary health coverage, Original Medicare provides hospital and medical coverage, but it doesn't cover all health care costs and has deductibles and coinsurance that must be paid before Medicare pays benefits. Medicare also limits coverage for certain services.

Medigap expands or eliminates Original Medicare coverage limits and, depending on the plan you select, covers all or a portion of your Medicare deductibles and coinsurances. Blue Care Network of Michigan (BCN) offers MyBlue Medigap options for Plans A, F, M or N only. Other Michigan insurance carriers may offer other or additional plans, but Medigap plans can be sold in only 10 standard plans plus one high deductible plan (Plans A, B, C, D, F, G, K, L, M and N. Plans E, H, I, and J are no longer available for sale). Every insurer must make Plan A available. Plan A covers basic benefits:

- **Hospitalization:** Part A coinsurance plus coverage for 365 additional days after Medicare benefits end.
- **Medical expenses:** Part B coinsurance (generally 20 percent of Medicare-approved expenses) or copayments for hospital outpatient services. Plans K, L and N require the insured to pay a portion of Part B coinsurance or copayments.
- **Blood:** First three pints of blood each year.
- **Hospice:** Part A coinsurance.

BASIC BENEFITS: For Plans A – D, F, G, K, L, M and N*

Plan	A	B	C	D	F/F**	G
Basic benefits (including 100% Part B coinsurance)	x	x	x	x	x	x
Skilled nursing			x	x	x	x
Part A deductible		x	x	x	x	x
Part B deductible			x		x	
Part B excess					100%	100%
Foreign travel emergency			\$250 deductible	\$250 deductible	\$250 deductible	\$250 deductible
Annual out-of-pocket limit						

* The deductible, coinsurance, and copay amounts listed in this chart are based upon the 2012 CMS-approved values and could change for 2013.

** Plan F also has an option called a high deductible Plan F. This high deductible plan pays the same benefits as Plan F after one has paid a calendar year (\$2,070 in 2012 but is subject to change in 2013) deductible. Benefits from high deductible Plan F will not begin until out-of-pocket expenses exceed \$2,000 in 2011. The \$2,070 out-of-pocket threshold is subject to change in 2013. Out-of-pocket expenses for this deductible are expenses that would ordinarily be paid by the policy. These expenses include the Medicare deductibles for Part A and Part B, but do not include the plan's separate foreign travel emergency deductible.

Basic Benefits for Plans K, L, M and N include similar services as plans A-D, F and G, but cost-sharing for the basic benefits is at different levels.

Plan	K	L	M	N
Basic Benefits	100% of Part A hospitalization coinsurance and preventive care 50% Hospice cost-sharing 50% of Medicare-eligible expenses for the first three pints of blood 50% Part B coinsurance	100% of Part A hospitalization coinsurance and preventive care 75% Hospice cost-sharing 75% of Medicare-eligible expenses for the first three pints of blood 75% Part B coinsurance	100% of Part A hospitalization coinsurance, including hospice 100% of Medicare-eligible expenses for the first three pints of blood	100% of Part A hospitalization coinsurance, including hospice 100% of Medicare-eligible expenses for the first three pints of blood Part B copays up to \$20 for office visits and up to \$50 for emergency room visits
Skilled nursing coinsurance	50% skilled nursing facility coinsurance	75% skilled nursing facility coinsurance	100% skilled nursing facility coinsurance	100% skilled nursing facility coinsurance
Part A Deductible	50% Part A deductible	75% Part A deductible	50% Part A deductible	100% Part A deductible
Part B Deductible				
Part B Excess (100%)				
Foreign Travel Emergency			\$250 deductible	\$250 deductible
	\$4,660 out of pocket Annual Limit**	\$2,330 out of pocket Annual Limit**		

** Once you reach the annual limit, the plan pays 100% of the Medicare copayments, coinsurance and deductibles for the rest of the calendar year. The out-of-pocket annual limit does NOT include charges from your provider that exceed Medicare-approved amounts, called "Excess Charges." You will be responsible for paying excess charges. The out-of-pocket annual limit will increase each year for inflation. The value here is for plan year 2012.

This document is the Legacy Medigap outline of coverage and the details and exceptions of Legacy Medigap follow.

Outline of coverage

The following is only an outline describing the most important features of Blue Cross Blue Shield of Michigan's certificate of coverage. The certificate of coverage is your contract with Blue Cross Blue Shield. You must read the certificate to understand all of the rights and duties of both you and Blue Cross Blue Shield. For a copy of the certificate of coverage, call Customer Service at 1-888-216-4858.

Covered service	Medicare pays+
Medicare Part A Hospital Coverage – includes semi-private room & board, general nursing care, miscellaneous	
Deductible	Nothing
First 60 days of care	All but the \$1,156 Part A deductible
Days 61 – 90	All but the \$289 daily copayment
Days 91 - 150 (Lifetime Reserve Days)	All but the \$578 daily copayment
Day 151 and beyond (additional 365 days after Lifetime Reserve Days used)	Nothing
Blood received during a hospital admission*	All but the first three pints
Skilled Nursing Facility Care – You must meet Medicare's requirements, including having been in a hospital	
First 20 days of care	100%
Days 21–100	All but 144.50 daily skilled nursing facility copayment
Hospice care	
	All but very limited copayment/coinsurance for outpatient drugs and inpatient respite care
Emergency care outside the U.S.	
	No benefits for care outside U.S.
Medicare Part B Physician and Outpatient Services – In or out of the hospital and outpatient hospital physician's diagnostic treatment, such as tests, durable medical equipment, per calendar year**	
Deductible (annual)	Nothing
Coinsurance	80% of the approved amount after \$140 Part B deductible is met
Blood benefit	All but the first three pints
Clinical laboratory services – tests for diagnostic services	Medicare-approved services
Home health care services – Medicare-approved services	
Medicare-approved medically necessary skilled care services and medical supplies	100%
Durable medical equipment	80% of the approved amount after \$140 deductible is met
Excess benefits	Nothing

+ Based on 2012 Medicare premiums and deductibles.

* Per benefit period. A benefit period begins on the first day you are hospitalized and ends after you have been out of the

** Note: the Part B deductible needs to be met only once each calendar year (Jan. 1 through Dec. 31).

*** After Medicare makes payment up to the Limiting Charge established by law, and shown on your Medicare Explanation

Plan A		Plan C	
Plan pays	You pay	Plan pays	You pay
services and supplies*			
Nothing	\$1,156	\$1,156	Nothing
Nothing	Part A \$1,156 deductible	Part A \$1,156 deductible	Nothing
\$289 daily copay	Nothing	\$289 daily copay	Nothing
\$578 daily copay	Nothing	\$578 daily copay	Nothing
100% of Medicare-eligible expenses	Nothing	100% of Medicare-eligible expenses	Nothing
Your first three pints	Nothing	Your first three pints	Nothing
for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital*			
Nothing (Medicare covers in full)		Nothing (Medicare covers in full)	
Nothing	\$144.50 daily copay	\$144.50 daily copay	Nothing
Medicare copayment/ coinsurance	Nothing	Medicare copayment/ coinsurance	Nothing
No benefits for care outside U.S.	All costs for services	80% of approved amount for covered services, after \$250 deductible is met. Lifetime maximum of \$50,000	\$250 deductible, plus 20% coinsurance
services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy,			
Nothing	\$140	\$140	Nothing
20% coinsurance after \$140 deductible is met	Nothing	20% coinsurance after \$140 deductible is met	Nothing
Your first three pints	Nothing	Your first three pints	Nothing
Nothing (Medicare covers in full)		Nothing (Medicare covers in full)	
Nothing (Medicare covers in full)		Nothing (Medicare covers in full)	
20% coinsurance after \$140 deductible is met	Nothing	20% coinsurance after \$140 deductible is met	Nothing
Nothing	All costs	Nothing	All costs

hospital and have not received skilled nursing care in any other facility for 60 consecutive days.
of Benefits.

Eligibility for coverage

To be eligible for Legacy Medigap coverage, you must have Medicare Part A and Part B, reside in Michigan for at least six months of the year and have a Michigan driver's license or State ID card (additional verification of residency may be requested). You become eligible for Medicare coverage at age 65. Younger individuals may be eligible for Medicare coverage if they are disabled and meet Medicare's eligibility criteria.

Your age or health status does not affect your eligibility for Legacy Medigap coverage or premium costs; however, if you become a resident of a state other than Michigan, your premium will increase.

You are not eligible for a Legacy Medigap plan if you are eligible for coverage through an employer group as an active employee or as a retiree or if an employer group makes a financial contribution toward your health care coverage, including through a Health Reimbursement Account (HRA) or Health Savings Account (HSA).

Enrolling in Legacy Medigap is easy

Simply complete an application. Use one application form per person. Mail the completed form to:

Individual Business Underwriting — MC X513
Blue Cross Blue Shield of Michigan
600 E. Lafayette Blvd.
Detroit, MI 48226-2998

Do not mail payment with the application. We'll send you a bill when your coverage takes effect.

When you fill out the application for this policy, be sure to answer truthfully and completely all questions. Blue Cross Blue Shield of Michigan may cancel your policy and refuse to pay any claims if you leave out or falsify important information. Incomplete applications will not be accepted for processing.

Please note: It is important to know that Blue Cross Blue Shield of Michigan is not connected with Medicare.

If you are currently enrolled in a Medicare Advantage plan and wish to enroll in Medigap, you must disenroll in writing from Medicare Advantage before enrolling in Medigap. You can disenroll from Medicare Advantage only at certain times of the year. Call your Medicare Advantage customer service department for information on how to disenroll from that plan and prevent a lapse in coverage.

If you're covered under a health policy from any other insurer, do not cancel that coverage until you receive your Legacy Medigap policy and are sure you want to keep it. If you have questions, please call 1-877-4MY-BLUE (469-2583). TTY users should call 1-800-481-8704.

Changing your coverage

Once enrolled in Legacy Medigap, you may switch to a different Medigap policy at any time. If you choose another form of Medicare coverage, such as a Medicare Advantage plan, you must enroll during Medicare's annual open enrollment period, October 15 through December 7.

You may cancel this coverage if it's not right for you

If you find that you are not satisfied with Blue Cross Blue Shield of Michigan's Legacy Medigap coverage, notify us by phone or write to us at the address below. If you send written notification to us within 30 days after you receive your ID card, we will treat the coverage as if it had never been issued and return all of your payments, less the reasonable cost of any health services paid by Blue Cross Blue Shield of Michigan during that time. You will be responsible for any deductibles or coinsurance for Medicare Part A and Part B claims, or any services not covered by Original Medicare incurred during that 30-day period.

Do you also need prescription drug coverage?

You may also purchase Medicare Part D drug coverage with Blue Cross Blue Shield of Michigan's Prescription BlueSM PDP plan.

Application for Legacy Medigap Coverage



**Blue Cross
Blue Shield**
of Michigan

A nonprofit corporation and independent licensee
of the Blue Cross and Blue Shield Association

Print in black or blue ink, or type your information and complete all sections as indicated. Review your application for completeness and accuracy, and sign and date where requested. **We may reject your application if you do not provide all required information or sign this form.** Allow three weeks for processing. The information provided here will be used and disclosed only as permitted by our *Notice of Privacy Practices*, which can be viewed online at www.bcbsm.com/home/privacy_practice.

Step 1. Choose your plan options (check one)

	<input type="checkbox"/> Plan A	<input type="checkbox"/> Plan C
Monthly premium per person	\$39.88	\$121.22
Michigan claims tax assessment	\$0.54	\$1.64
Total due each month	\$40.42	\$122.86

Please note: The tax amount can be adjusted in the future to reflect changes in the assessment to fund actual tax payment. (Monthly premiums noted above were effective 08/01/2011 and are subject to change.)

Requested effective date is (mm/dd/yyyy) ____/____/20____. Your coverage effective date is assigned by BCBSM based on your eligibility and receipt date of this application.

Please indicate how you want us to bill you (check one):

- ☐ **Automatic deduction from my bank account** (Check your preference below, complete the Automatic Payment Plan form and send it along with this application.)
- ☐ Monthly ☐ Quarterly
- ☐ **Send me a bill in the mail.** *Note: You will be billed quarterly if you chose this option.*

DO NOT SEND PAYMENT WITH THIS APPLICATION

Continue to next page

Application – 1


Step 2. Information about you

Last name	First name	M. I.	Suffix (Sr., Jr., etc.)
Street Address (not a P.O. box)			
City	State MI*	ZIP	Primary phone () -
E-mail address optional. (You may receive e-mails regarding your coverage.)	Date of birth (mm/dd/yyyy) / /		Gender <input type="checkbox"/> Male <input type="checkbox"/> Female
Nine-digit Social Security number	Michigan driver's license or Michigan ID number:		

Medicare information

Please refer to your red, white and blue Medicare Health Insurance card to complete this section.

Please fill in these blanks so they match the information on your Medicare card.

MEDICARE			HEALTH INSURANCE
1-800-MEDICARE (1-800-633-4227)			
NAME OF BENEFICIARY			
MEDICARE CLAIM NUMBER			
IS ENTITLED TO		EFFECTIVE DATE	
HOSPITAL (PART A)			
MEDICAL (PART B)			

* You must be a permanent Michigan resident and reside in the state at least six months of each year.

Continue to next page

Application – 2

Step 3. Coverage information

If you lost or are losing other health insurance coverage and received a notice from your prior insurer saying you were eligible for guaranteed issue of a Medigap policy, or that you had certain rights to buy such a policy, please include a copy of the notice from your prior insurer with your application.

PLEASE ANSWER ALL QUESTIONS. Please mark the Yes or No boxes below with an X. To the best of your knowledge:

Did you turn age 65 in the last 6 months?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you a permanent resident of Michigan and reside here at least six months of the year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you or your spouse currently employed? If yes, provide your employer's name _____ For your spouse _____ Are you eligible for group health coverage through either employer?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
Are you or your spouse retired? If you are retired, provide the name and phone number of your employer from where you retired: _____ and/or your spouse's former employer _____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
Are you eligible for group health coverage through either employer as a retiree? If yes, does your or your spouse's employer pay any portion of group health coverage premium on the indicated retiree plan?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
Does any employer fund any premium, reimburse you or your spouse, contribute to an HRA for you as an active employee or as a retiree, or as the spouse of an active employee or retiree?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Will any employer fund any premium for this policy, reimburse you or your spouse for premium paid for this policy, or contribute to an HRA for you as an active employee or as a retiree, or as the spouse of an active employee or retiree?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you currently covered by Medicaid? (State assistance) <i>NOTE TO APPLICANT: If you are participating in a "Spend-Down Program" and have not met your "Share of Cost," please answer "No" to this question.</i> If yes, will Medicaid pay your premiums for this Medigap policy? Do you receive any benefits from Medicaid OTHER THAN payments toward your Medicare Part B premium?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
If you had coverage from any Medicare plan other than Original Medicare within the past 63 days (for example, a Medicare Advantage plan, or a Medicare HMO or PPO), fill in your start and end dates. Start date ____/____/____ End date ____/____/____ If you're still covered under the Medicare plan, do you intend to replace your current coverage with this new Medigap policy? Was this your first time in this type of Medicare plan? Did you cancel a Medigap policy to enroll in this Medicare plan?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No

Continue to next page

If applicable, please provide the type of the most recent policy you were enrolled in:

- | | |
|---|--|
| <input type="checkbox"/> Medicare supplemental (or Medigap) | <input type="checkbox"/> Medicare PPO |
| <input type="checkbox"/> Medicare Advantage | <input type="checkbox"/> Group health plan |
| <input type="checkbox"/> Other (name of coverage) _____ | |

If you had coverage under a Medicare Advantage policy and it is no longer in force, please check one of the following reasons:

- ☐ CMS terminated the certification of the organization or plan.
- ☐ The Medicare Advantage Organization stopped offering Medicare Advantage plans.
- ☐ The Medicare Advantage Organization stopped offering coverage in the area in which you live.
- ☐ You moved out of the geographic service area of your Medicare Advantage plan.
- ☐ Voluntarily disenrollment because plan violated a material provision of the policy or insurer materially misrepresented the policy's provisions in marketing the policy to individuals.
- ☐ You disenrolled from a Medigap policy to join a Medicare Advantage plan for the first time, have been in the Medicare Advantage plan less than a year and you want to switch back to Original Medicare.
- ☐ You joined a Programs of All-inclusive Care for the Elderly (PACE) plan when you were first eligible for Medicare Part A at 65, and within the first year of joining, you decided you want to switch to Original Medicare
- ☐ You dropped a Medigap policy to join a Medicare Advantage plan for the first time; you have been in the plan less than a year and you want to switch back.
- ☐ Other: _____

Did you enroll in Medicare Advantage when you became eligible for Medicare Part A and Part B, but voluntarily disenrolled from the plan within 12 months of the effective date of enrollment?

Date disenrolled ____/____/____

☐ Yes ☐ No

IMPORTANT:

If you are currently enrolled in a Medicare Advantage plan and wish to enroll in Medigap, you **must** separately disenroll in writing from Medicare Advantage. Submission of this application does not automatically disenroll you from your current Medicare Advantage insurance carrier. Call your Medicare Advantage customer service department for information on how to disenroll from that plan and prevent duplication of coverage and/or a lapse in coverage. Medicare Advantage plans only allow disenrollment at certain times of the year.

Do you have, or did you have, another Medigap policy in force?

If yes, with what company and what plan? _____

What are your dates of coverage under that policy?

Start date ____/____/____ End date ____/____/____

If your Medigap policy is no longer in force, indicate the reason:

- ☐ Involuntary disenrollment because insolvency of insurer or bankruptcy of organization offering the coverage
- ☐ Voluntary disenrollment because plan violated a material provision of the policy or insurer materially misrepresented the policy's provisions in marketing the policy to individuals
- ☐ Employer group/union paid after Original Medicare, and that plan is ending.
- ☐ Other _____

If so, do you intend to replace your current Medigap policy with the Legacy Medigap policy?

☐ Yes ☐ No

☐ Yes ☐ No

Continue to next page

Have you had coverage under any other health insurance within the past 63 days? (For example, an employer, union, or individual plan.)

☐ Yes ☐ No

If yes, with what company? _____

Type of policy _____

Policy number _____

What are your dates of coverage under that policy?

Start date ____/____/____ End date ____/____/____

If the plan is no longer in force, what is the reason your coverage ended?

- ☐ Involuntary disenrollment because the group plan sponsor stopped offering coverage
☐ Voluntary disenrollment

If available, please include proof of prior coverage termination with this application.

Conditions of coverage

- I am applying for Legacy Medigap coverage. I certify that I am enrolled in both Part A and Part B of Medicare.
- I authorize Blue Cross Blue Shield of Michigan (BCBSM) to obtain from providers of service and hospitals the medical records relating to me necessary to the administration of my contract with BCBSM.
- I assign BCBSM my entire right of recovery of the cost of hospital and medical services paid for by BCBSM against any person or organization as a result of accident or disease, including injuries or disease claimed under worker compensation laws or acts whether by redemption award, voluntary payment or otherwise.
- I understand that the benefits I will be eligible for are described in the Legacy Medigap certificate and that the BCBSM outline of coverage is only a summary.
- I certify that the above information is true, correct and complete to the best of my knowledge and belief. I understand the information will be used in reviewing my application and administering coverage and my failure to provide complete and accurate answers, or my submission of false or misleading information may result in denial of claims or cancellation.
- I certify that I am a permanent resident of Michigan and have a valid Michigan driver's license or Michigan ID card, and reside at least six months of each year at my permanent residence in Michigan.
- I certify that I am not receiving a financial contribution from an employer group toward my health care coverage, including through a Health Reimbursement Account or Health Savings Account.
- I certify I am not eligible for group health insurance as an active employee or dependant through my or my spouse's employer or former employer.
- I certify that I am not eligible for retiree group health coverage as a retiree or dependent through my or my spouse's employer, or former employer, for which there is an employer contribution toward the cost of coverage.

Continue to next page

Step 4. Please read and sign

- You do not need more than one Medigap policy.
- If you purchase this policy, you may want to evaluate your existing health coverage and decide if you need multiple coverages.
- If you are age 65 or older, you may be eligible for benefits under Medicaid and may not need a Medigap policy.
- If, after purchasing this policy, you become eligible for Medicaid, the benefits and premiums under your Medigap policy will be suspended during your entitlement to benefits under Medicaid for 24 months. You must request this suspension within 90 days of becoming eligible for Medicaid. If you are no longer entitled to Medicaid, your suspended Medigap policy, or, if that is no longer available, a substantially equivalent policy, will be reinstituted if requested within 90 days of losing Medicaid eligibility. If the Medigap policy provided coverage for outpatient prescription drugs and you enrolled in Medicare Part D while your policy was suspended, the reinstituted policy will not have outpatient prescription drug coverage, but will otherwise be substantially equivalent to your coverage before the date of the suspension.
- If, after thinking about it carefully, you still wish to drop your present coverage and replace it with new coverage, be certain to truthfully and completely answer all questions on the application. Failure to include all material information on an application may provide a basis for the insurer to deny any future claims and to refund your premium as though your policy or certificate had never been in force. After the application has been completed, and before you sign it, review it carefully to be certain that all information has been properly recorded.
- Counseling services may be available in your state to provide advice concerning your purchase of Medigap insurance and concerning Medicaid. A copy of the publication *Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare* is available on the Medicare website at <http://www.medicare.gov/Publications/Pubs/pdf/10050.pdf>.

I have read and agreed to the terms on this form. I understand that approval of this application and coverage effective date will be determined by Blue Cross Blue Shield of Michigan. If I cancel within the first 30 days of the effective date of this coverage, I will be entitled to a refund of my previous premium payment. *Please note: The reasonable costs for any health services paid by BCBSM during that time period will be deducted from the refund and I will be responsible for payment of reasonable fees for any health care services I received.*

I have received and read (1) the outline of coverage section of this brochure outlining Legacy Medigap coverage, and (2) the information concerning replacement of existing health coverage with the Legacy Medigap certificate.

Your signature

Date

Be sure that you have completed all portions of this application. Mail completed form to:

Individual Business Underwriting — Mail Code X513
Blue Cross Blue Shield of Michigan
600 E. Lafayette Blvd.
Detroit, MI 48226-2998

If you have questions, please call 1-877-4MY-BLUE (469-2583). TTY users should call 1-800-481-8704.

Note to Applicant: If you are replacing a Medigap or Medicare Advantage policy with this Legacy Medigap policy, you must also complete the following page.



**Blue Cross
Blue Shield**
of Michigan

A nonprofit corporation and independent licensee
of the Blue Cross and Blue Shield Association

**NOTICE TO APPLICANT REGARDING REPLACING
MEDIGAP INSURANCE OR MEDICARE ADVANTAGE
SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE**

Blue Cross Blue Shield of Michigan
600 E. Lafayette Blvd., MC X513
Detroit, MI 48226-2998

According to your application, you intend to drop or otherwise terminate existing Medigap coverage or Medicare Advantage plan and replace it with a policy or certificate to be issued by Blue Cross Blue Shield of Michigan. Your new policy or certificate provides 30 days within which you may decide without cost whether you desire to keep the policy or certificate.

Your insurer will waive any time periods applicable to pre-existing conditions, waiting periods, elimination periods, or probationary periods in the new policy or certificate for similar benefits to the extent such time was spent or depleted under the original coverage.

If, after thinking about it carefully, you still wish to drop your present coverage and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical and health history. Failure to include all material medical information on an application may provide a basis for the insurer to deny any future claims and to refund your premium as though your policy or certificate had never been in force. After the application has been completed, and before you sign it, review it carefully to be certain that all information has been properly recorded.

You should review this new coverage carefully, comparing it with all disability and other health coverage you now have and terminate your present coverage only if, after due consideration, you find that purchase of this Medigap coverage is a wise decision. Do not cancel your present policy until you have received your new policy and are sure that you want to keep it. The replacement policy is being purchased for the following reason(s) (check one):

- ☐ Additional benefits
- ☐ No change in benefits, but lower premiums
- ☐ My plan has outpatient prescription drug coverage and I am enrolling in Part D
- ☐ Disenrollment from a Medicare Advantage plan. Please explain reason for disenrollment:

- ☐ Fewer benefits and lower premiums
- ☐ Other (Please specify)

Applicant's signature

Date

Applicant's printed name

Applicant's address

Return this form with your application materials. Be sure to save a copy for your records.

Please note: If you were enrolled in a Medicare Advantage plan and intend to replace it with Legacy Medigap, you must complete and sign this form.



Blue Cross
Blue Shield
of Michigan

Automatic Payment Plan for Individual and Direct Billed Customers

BCBSM Automatic Payment Plan offers the convenience of paying your health care bill on time, every time. No need to write checks, mail payments or worry about late payments resulting in rejected services. To participate, simply fill out and mail in this enrollment form. Please include a blank, voided check or a deposit slip from your designated account for verification. Please allow three to four weeks for processing your application. Continue to mail your payment as usual until you see "Automatic Payment" on your bill. You may receive a paper bill for your first payment. This payment must be made or they will be added to your second [auto] bill.

Please note: If you decide at anytime that you no longer want Legacy coverage, you must notify us of termination or we will continue to deduct payments from your bank account.

Enrollment in the Blue Cross Blue Shield of Michigan Automatic Payment Plan is easy. Just complete this enrollment form and mail it along with your application.

Please complete the requested information below: (Please print or type)

Last Name First Name Middle Initial

Address

City State Zip Code

(_____) _____
Daytime Phone Number

Please include a blank, voided check or deposit slip from your designated account.

Name of Financial Institution _____

Please check one: ☐ Checking Account ☐ Savings Account

Bank Account Number ABA/Routing Number (9 digits)

This form cannot be processed without your signature.

I authorize Blue Cross Blue Shield of Michigan to deduct my payments from the checking or savings account listed above. I understand that I control my payments and if at any time I decide to discontinue the payment, I will notify BCBSM. I also understand that all information provided will remain confidential.

Signature Date

BCBSM Use Only

DEID							

Enrolling is easy:

- Complete the application in this brochure, or
- Call 1-877-469-2583 for assistance
TTY users call 1-800-481-8704

Legacy MedigapSM



**Blue Cross
Blue Shield**
of Michigan

Blue Cross Blue Shield of Michigan is a nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association.

www.bcbsm.com