

# NAIC MODEL LEGISLATION

EXHIBIT NO. 5  
Date 3-11-05  
Bill No. HB 562

- (12) Issue additional types of health insurance policies to provide optional coverages, including Medicare supplemental ~~health insurance coverage~~;

**Drafting Note:** Due to the inability of some individuals to obtain Medicare supplement insurance, especially individuals who are eligible for Medicare by reason of disability, a state may wish to require the plan to offer Medicare supplement insurance coverage.

- (13) Provide for and employ cost containment measures and requirements including, but not limited to, preadmission screening, second surgical opinion, concurrent utilization review, and individual case management for the purpose of making the benefit plan more cost effective;
- (14) Design, utilize, contract or otherwise arrange for the delivery of cost effective health care services, including establishing or contracting with preferred provider organizations, health maintenance organizations and other limited network provider arrangements; and
- (15) Adopt bylaws, policies and procedures as may be necessary or convenient for the implementation of this Act and the operation of the plan.
- I. The board shall make an annual report to the Governor which shall also be filed with the legislature. The report shall summarize the activities of the plan in the preceding calendar year, including the net written and earned premiums, plan enrollment, the expense of administration, and the paid and incurred losses.
- J. Neither the board nor its employees shall be liable for any obligations of the plan. No member or employee of the board shall be liable, and no cause of action of any nature may arise against them, for any act or omission related to the performance of their powers and duties under this Act, unless such act or omission constitutes willful or wanton misconduct. The board may provide in its bylaws or rules for indemnification of, and legal representation for, its members and employees.

## Section 3. Establishment of Rules

The Commissioner may, by rule, establish additional powers and duties of the board and may adopt such rules as are necessary and proper to implement this Act.

## Section 4. Eligibility

- A. (1) Any individual person, who is and continues to be a resident shall be eligible for plan coverage if evidence is provided ~~of~~:
- (~~1~~) (a) ~~Of a A~~-notice of rejection or refusal to issue substantially similar insurance for health reasons by one insurer; or
- (~~2~~) (b) ~~Of a A~~-refusal by an insurer to issue insurance except at a rate exceeding the plan rate.
- (2) Any federally defined eligible individual who has not experienced a significant break in coverage and who is and continues to be a resident shall be eligible for plan coverage.
- (3) A rejection or refusal by an insurer offering only ~~stop-loss stop loss~~, excess of loss or reinsurance coverage with respect to ~~the an applicant under Paragraph (1)~~ shall not be sufficient evidence under this subsection.
- B. The board shall promulgate a list of medical or health conditions for which a person shall be eligible for plan coverage without applying for health insurance ~~coverage~~ pursuant to Subsection A(1). Persons who can demonstrate the existence or history of any medical or health conditions on the list promulgated by the board shall not be required to provide the evidence specified in Subsection A(1). The list shall be effective on the first day of the operation of the plan and may be amended from time to time as may be appropriate.