

SENATE BILL NO. 358

INTRODUCED BY B. HOVEN

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING INSURANCE LAWS TO PROHIBIT INSURERS FROM RAISING RATES FOR LONG-TERM CARE AND MEDICARE SUPPLEMENT POLICIES UNDER CERTAIN CIRCUMSTANCES; AMENDING SECTIONS 33-22-906 AND 33-22-1114, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 33-22-906, MCA, is amended to read:

**"33-22-906. Loss ratio standards and filing requirements -- limits on compensation.** (1) Medicare supplement policies and certificates must return to policyholders or certificate holders benefits that are reasonable in relation to the premium charged. The commissioner shall adopt reasonable rules to establish minimum standards for loss ratios of medicare supplement policies and certificates 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 entire period for which rates are computed to provide coverage and in accordance with accepted actuarial principles and practices. For purposes of rules adopted pursuant to this section, medicare supplement policies and certificates issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, must be treated as group policies. Every entity providing medicare supplement insurance benefits to a resident of this state shall make premium adjustments:

(a) necessary to produce an expected loss ratio under the policy or certificate that meets the minimum loss ratio standards for medicare supplement policies and certificates as established by rule; and

(b) expected to result in a loss ratio at least as great as that originally anticipated by the entity when it established current premiums for the medicare supplement policy or certificate.

(2) (a) The commissioner shall by rule establish the timing and manner of the premium adjustments.

(b) Every entity providing medicare supplement policies or certificates in this state shall annually file with the commissioner its rates, rating schedule, and supporting documentation demonstrating that it is in compliance with the applicable loss ratio standards of this part.



1           (c) (i) ~~An~~ Except as provided in subsection (2)(c)(ii), an entity transacting medicare supplement insurance  
 2 in this state may not adjust its rates more than twice a year and may not adjust its rates for the first year a policy  
 3 is in force, except to allow for changes in federal laws or regulations relating to medicare.

4           (ii) For policies already issued, the rate adjustments may not:

5           (A) exceed the most recent annual consumer price index, U.S. city average, all urban consumers, for  
 6 all items, as published by the bureau of labor statistics of the United States department of labor; or

7           (B) occur more than once a year.

8           (d) Each filing of rates and rating schedules must demonstrate that the actual and expected losses in  
 9 relation to premiums ~~complies~~ comply with the requirements of this part.

10           (3) An entity may not provide compensation to its insurance producers that is greater than the renewal  
 11 compensation that would be paid on an existing policy or certificate if:

12           (a) the existing policy or certificate were replaced by another policy or certificate with the same insurer  
 13 and the new benefits are substantially similar to the benefits under the old policy or certificate; and

14           (b) the old policy or certificate was issued by the same insurer or insurance group."  
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16           **Section 2.** Section 33-22-1114, MCA, is amended to read:

17           "**33-22-1114. Prohibited practices and policy provisions.** (1) An insurance company may not issue  
 18 a refund to a person other than the owner of the policy or certificate.

19           (2) A long-term care insurance policy may not:

20           (a) be canceled, nonrenewed, or otherwise terminated on any grounds other than the insured's or  
 21 certificate holder's failure to pay the premium;

22           (b) contain a provision establishing a new waiting period if existing coverage is converted to or replaced  
 23 by a new or other form within the same company, except with respect to an increase in benefits voluntarily  
 24 selected by the insured individual or group policyholder; ~~or~~

25           (c) provide coverage for only skilled nursing care or provide substantially more coverage for skilled  
 26 nursing care in a facility than coverage for lower levels of care; or

27           (d) increase rates for insureds 65 years of age or older by more than 50% of the most recent annual  
 28 consumer price index, U.S. city average, all urban consumers, for all items, as published by the bureau of labor  
 29 statistics of the United States department of labor."  
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