



# House of Representatives

General Assembly

**File No. 239**

January Session, 2007

House Bill No. 5259

*House of Representatives, April 2, 2007*

The Committee on Insurance and Real Estate reported through REP. O'CONNOR of the 35th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT CONCERNING REFUNDS OF PREPAID PREMIUMS MADE BY SENIOR CITIZENS TO HEALTH INSURANCE PROVIDERS FOR MEDICARE SUPPLEMENT POLICIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2007*) Each insurance company,  
2 fraternal benefit society, hospital service corporation, medical service  
3 corporation, health care center or other entity which delivers or issues  
4 for delivery, continues or renews in this state any Medicare  
5 supplement policy or certificate, as defined in sections 38a-495, 38a-  
6 495a and 38a-522 of the general statutes, shall refund any prepaid  
7 premium made by a policyholder or certificate holder for coverage  
8 under such policy or certificate who subsequently elects to cancel his  
9 or her policy prior to the expiration of the coverage period.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2007</i>	New section
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**INS**      *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

This bill requires any entity that issues, continues, or renews certain Medicare policies or certificates to issue refunds upon certain conditions. There is no fiscal impact.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****HB 5259*****AN ACT CONCERNING REFUNDS OF PREPAID PREMIUMS MADE BY SENIOR CITIZENS TO HEALTH INSURANCE PROVIDERS FOR MEDICARE SUPPLEMENT POLICIES.*****SUMMARY:**

This bill requires insurers, HMOs, or other entities that issue, continue, or renew Medicare supplement policies or certificates to refund to people who cancel their Medicare supplement policies any premium they prepaid for coverage that will not be used because of the cancellation.

EFFECTIVE DATE: October 1, 2007

**BACKGROUND*****Medicare Supplement***

A Medicare supplement policy (also referred to as “Medigap”) is a health insurance policy that covers some of the health care costs that Medicare does not cover. States retain regulatory authority over policies that meet minimum standards set forth in federal law and by the National Association of Insurance Commissioners.

There are 12 standard Medicare supplement policies called plans “A” through “L.” Plan A covers only basic benefits and plans B through J offer additional benefits. Plans K and L include reduced first dollar coverage. One covers 50% of Medicare Parts A and B cost-sharing amounts and limits out-of-pocket expenses to \$4,000, subject to an annual inflationary adjustment. The other covers 75% of the cost-sharing and limit out-of-pocket expenses to \$2,000.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (03/13/2007)