



General Assembly

February Session, 2008

Raised Bill No. 5689

LCO No. 2243

02243_____INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT ALLOWING THE SALE OF GROUP SPECIFIED DISEASE POLICIES.

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

1 Section 1. (NEW) (*Effective January 1, 2009*) (a) As used in this
2 section: (1) "Group specified disease policy" means a group policy
3 delivered, issued for delivery, renewed, amended or continued in this
4 state on or after January 1, 2009, that pays benefits for the diagnosis or
5 treatment of one or more specifically named diseases, illnesses,
6 conditions or syndromes. Such policy may additionally provide
7 benefits for any other condition or disease directly caused or
8 aggravated by the specified disease, illness, condition, syndrome or its
9 treatment; (2) "preexisting condition" means the existence of symptoms
10 that causes an ordinarily prudent person to seek diagnosis, care or
11 treatment during the twelve months preceding the effective date of the
12 coverage of the insured, or a condition for which medical advice or
13 treatment was recommended by or received from a physician during
14 the six months preceding the effective date of the coverage of the
15 insured.

16 (b) No insurance company shall deliver or issue for delivery in this

17 state any group specified disease policy that has an anticipated loss
18 ratio of less than sixty-five per cent.

19 (c) Each group specified disease policy delivered or issued for
20 delivery in this state shall meet any of following minimum benefit
21 standards:

22 (1) Coverage of medical expenses incurred by each individual
23 insured under such policy, with a deductible not to exceed one
24 thousand dollars, a coinsurance rate not to exceed twenty-five per cent
25 and an aggregate lifetime benefit of not less than fifty thousand
26 dollars;

27 (2) Per diem indemnification for each individual insured under such
28 policy, with no deductible amount and an aggregate benefit limit of
29 not less than fifty thousand dollars while medically confined, subject
30 to the following minimum benefit standards: (A) A fixed-sum payment
31 of not less than one hundred fifty dollars per day for each day of
32 hospital confinement; (B) a fixed-sum payment of not less than one
33 hundred dollars per day for each day of hospital or nonhospital
34 outpatient surgery, chemotherapy and radiation therapy; and (C) a
35 fixed-sum payment of not less than fifty per cent of the hospital
36 inpatient benefit per day for each day of nursing home care, hospice
37 care or home health care for a minimum of one hundred days; or

38 (3) A fixed-sum payment of not less than ten thousand dollars,
39 except that such payment amount may be limited to not less than two
40 thousand five hundred dollars for one or more specified covered
41 diseases, illnesses, conditions or syndromes where coverage under
42 such policy is provided for two or more specified diseases, illnesses,
43 conditions or syndromes. Coverage for a fixed-sum payment for a
44 spouse or dependent of the insured may be made available to the
45 insured, provided the benefit amount offered for such spouse or
46 dependent shall not be less than twenty-five per cent of the benefit
47 amount for the insured.

48 (d) Each group specified disease policy delivered, issued for
49 delivery, renewed, amended or continued in this state on or after
50 January 1, 2009, shall meet the following requirements:

51 (1) If payment is conditioned upon pathological diagnosis of a
52 covered condition, such policy shall also provide that if a pathological
53 diagnosis is medically inappropriate, a clinical diagnosis shall be
54 accepted in lieu thereof;

55 (2) Include a renewal, continuation or nonrenewal provision, to
56 appear on the first page of the policy and be appropriately captioned;

57 (3) Disclose any limitations with respect to preexisting conditions in
58 a separate paragraph labeled "Preexisting Conditions Limitation". No
59 policy shall impose a preexisting conditions provision that excludes
60 coverage beyond twelve months following the insured's effective date
61 of coverage;

62 (4) Contain a prominent statement on the first page of the policy in
63 not less than fourteen-point bold face type as follows: "CAUTION!
64 This is a limited policy. Read it carefully. It only pays benefits for
65 (specified condition) treatment (or diagnosis)". The notice shall also
66 appear on the first page of the certificate of coverage provided to the
67 covered person;

68 (5) Include a thirty-day "free look" period. Notice of the "free look"
69 period shall appear on the face page of the policy and on the first page
70 of the certificate of coverage provided to the insured; and

71 (6) Benefits shall be paid regardless of other coverage.

72 (e) No group specified disease policy shall be delivered or issued for
73 delivery in this state unless an outline of coverage is completed and is
74 delivered with the policy or delivered to the applicant at the time
75 application is made.

76 (f) Any application for a group specified disease policy shall contain

77 a prominent statement above the signature of the applicant that a
78 person who is already covered by Medicaid should not purchase this
79 coverage. Such statement shall be in bold face type or contrasting
80 color.

81 (g) A group specified disease policy may condition payment of
82 benefits upon a covered person receiving medically necessary care or
83 treatment or upon the diagnosis of a condition.

84 (h) The commissioner may adopt regulations, in accordance with
85 chapter 54 of the general statutes, to carry out the purposes of this
86 section.

87 Sec. 2. Subsection (c) of section 38a-505 of the general statutes is
88 repealed and the following is substituted in lieu thereof (*Effective*
89 *January 1, 2009*):

90 (c) The commissioner shall adopt regulations, in accordance with
91 chapter 54, to establish minimum standards for benefits under each of
92 the following categories of coverage in individual policies, other than
93 conversion policies issued pursuant to a contractual conversion
94 privilege under a group policy: Basic hospital expense coverage, basic
95 medical-surgical expense coverage, hospital confinement indemnity
96 coverage, major medical expense coverage, disability income
97 protection coverage, accident only coverage and specified accident
98 coverage. Specified disease policies, riders and benefits shall be
99 prohibited [whether issued] on [a group or] an individual basis, except
100 as provided in section 38a-457, or as determined by the commissioner
101 provided the commissioner, prior to permitting any sale of such
102 policies, adopts regulations in accordance with chapter 54 to establish
103 minimum standards for benefits in such specified disease policies,
104 certificates, riders, endorsements and benefits.

105 Sec. 3. Subsection (c) of section 38a-554 of the 2008 supplement to
106 the general statutes is repealed and the following is substituted in lieu
107 thereof (*Effective January 1, 2009*):

108 (c) The commissioner shall adopt regulations, in accordance with
109 chapter 54, concerning coordination of benefits between the plan and
110 other health insurance plans. No group or individual health insurance
111 policy shall coordinate benefits or otherwise reduce benefit payments
112 because a person is covered by or receives benefits from a group
113 specified disease policy delivered, issued for delivery, renewed,
114 amended or continued in this state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2009</i>	New section
Sec. 2	<i>January 1, 2009</i>	38a-505(c)
Sec. 3	<i>January 1, 2009</i>	38a-554(c)

Statement of Purpose:

To permit the sale of group specified disease policies in the state and to establish minimum benefits, loss ratio and other standards for such policies.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]