



Senate

General Assembly

File No. 315

January Session, 2021

Senate Bill No. 843

Senate, April 7, 2021

The Committee on Insurance and Real Estate reported through SEN. LESSER of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE REGULATION OF INSURANCE IN THIS STATE.

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

1 Section 1. Section 38a-495c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2021*):

3 (a) Each insurance company, fraternal benefit society, hospital service
4 corporation, medical service corporation, health care center or other
5 entity in this state that delivers, issues for delivery, continues or renews
6 any Medicare supplement insurance policies or certificates shall base
7 the premium rates charged on a community rate. Such rate shall not be
8 based on age, gender, previous claims history or the medical condition
9 of the person covered by such policy or certificate. Except as provided
10 in subsection (c) of this section, coverage shall not be denied on the basis
11 of age, gender, previous claim history or the medical condition of the
12 person covered by such policy or certificate.

13 (b) Nothing in this section shall prohibit an insurance company,

14 fraternal benefit society, hospital service corporation, medical service
15 corporation, health care center or other entity in this state issuing
16 Medicare supplement insurance policies or certificates from using its
17 usual and customary underwriting procedures, provided no such
18 company, society, corporation, center or other entity shall issue a
19 Medicare supplement policy or certificate based on the age, gender,
20 previous claims history or the medical condition of the applicant.

21 (c) Nothing in this section shall prohibit an insurance company,
22 fraternal benefit society, hospital service corporation, medical service
23 corporation, health care center or other entity in this state when granting
24 coverage under a Medicare supplement policy or certificate from
25 excluding benefits for losses incurred within six months from the
26 effective date of coverage based on a preexisting condition, in
27 accordance with section 38a-495a and the regulations adopted pursuant
28 to section 38a-495a.

29 (d) Each insurance company, fraternal benefit society, hospital
30 service corporation, medical service corporation, health care center or
31 other entity in the state issuing Medicare supplement policies or
32 certificates for plan "A", "B", [or] "C" or "D", or any combination thereof,
33 to persons eligible for Medicare by reason of age, shall offer for sale the
34 same such policies or certificates to persons eligible for Medicare by
35 reason of disability, except no such company, society, corporation,
36 center or other entity issuing any Medicare supplement policy or
37 certificate for plan "C" shall be required to offer for sale such policy or
38 certificate to any person who is a newly eligible Medicare beneficiary,
39 as defined in 42 USC 1395ss(z)(2).

40 (e) To the extent permissible by federal law, each insurance company,
41 fraternal benefit society, hospital service corporation, medical service
42 corporation, health care center or other entity in the state issuing
43 Medicare supplement policies or certificates for plan "A", "B", [or] "C" or
44 "D", or any combination thereof, may deliver or issue for delivery such
45 policy to a qualified Medicare beneficiary, as defined in 42 USC
46 1396d(p).

47 (f) Each insurance company, fraternal benefit society, hospital service
48 corporation, medical service corporation, health care center or other
49 entity in the state issuing Medicare supplement policies or certificates
50 shall make all necessary arrangements with the Medicare Part B carrier
51 and all Medicare Part A intermediaries to allow for the forwarding, to
52 the issuing entity, of all Medicare claims containing the name of the
53 entity issuing a Medicare supplement policy or certificate and the
54 identification number of an insured. The entity issuing the Medicare
55 supplement policy or certificate shall process all benefits available to an
56 insured from a Medicare claim so forwarded, without requiring any
57 additional action on the part of the insured.

58 (g) The Insurance Commissioner may adopt regulations, in
59 accordance with chapter 54, to implement this section.

60 Sec. 2. Subsection (a) of section 38a-688a of the general statutes is
61 repealed and the following is substituted in lieu thereof (*Effective June*
62 *30, 2021*):

63 (a) Notwithstanding the requirements of sections 38a-389 and 38a-
64 688 with respect to personal risk insurance with the exception of
65 residual market rates, and on and after July 1, 2006, and until July 1,
66 [2021] 2025, an insurer may file a rate with the Insurance Commissioner
67 pursuant to this section and such rate shall take effect the date it is filed
68 provided the rate provides for an overall state-wide rate increase or
69 decrease of not more than six per cent in the aggregate [and not more
70 than a fifteen per cent increase in any individual territory] for all
71 coverages that are subject to the filing. Such percentage [limits] limit
72 shall not apply on an individual insured basis. Not more than one filing
73 may be made by an insurer pursuant to this section within any twelve-
74 month period unless the filing, when combined with one or more filings
75 made by the insurer within the preceding twelve months, does not
76 result in an overall state-wide increase or decrease of more than six per
77 cent in the aggregate [and not more than a fifteen per cent increase in
78 any individual territory] for all coverages that are subject to the filing.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2021</i>	38a-495c
Sec. 2	<i>June 30, 2021</i>	38a-688a(a)

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None**Explanation**

There is no fiscal impact to the state or municipalities anticipated from the bill, which makes changes related to the provision of different types of Medigap policies by insurers and extends the sunset date for the personal risk insurance "flex rating" law by four years. The latter change has no impact to the Insurance Department as it extends current practice.

The Out Years**State Impact:** None**Municipal Impact:** None

Sources: Connecticut Insurance Department

OLR Bill Analysis**SB 843*****AN ACT CONCERNING THE REGULATION OF INSURANCE IN THIS STATE.*****SUMMARY**

This bill makes changes to two unrelated insurance statutes concerning Medicare supplement (Medigap) plans and the property and casualty “flex rating” law.

The bill allows insurers, HMOs, and other related entities to issue Medigap policies and certificates for plan D, in addition to plans A, B, and C as under existing law. (These are standardized plans for which the federal government sets the benefits. Medigap plans generally cover certain expenses that Medicare does not cover.)

By law, those entities that issue Medigap plans A, B, or C to people eligible for Medicare based on age must also offer them to people eligible for Medicare based on disability. The bill extends this requirement to entities that issue plan D.

The bill exempts entities from offering plan C to any person newly eligible for Medicare. (As of January 1, 2020, federal law restricts the sale of plan C to those eligible for Medicare before that date.)

Additionally, the bill extends the sunset date for the personal risk insurance (e.g., home, auto, marine, or umbrella) “flex rating” law from July 1, 2021, to July 1, 2025. The flex rating law allows property and casualty insurers, until the law sunsets, to file new personal risk insurance rates with the insurance commissioner and begin using them immediately, without prior approval, under certain circumstances.

Under the current flex rating law, a personal risk insurance rate cannot (1) increase or decrease by more than 6% statewide or (2) increase

by more than 15% in any individual territory. The bill eliminates this 15% territorial cap on rate increases. By law, if the insurance commissioner determines rates are inadequate or unfairly discriminatory, he must order the insurer to stop using the flex rating rate change by a specified future date.

EFFECTIVE DATE: June 30, 2021, for the flex rating law provisions and July 1, 2021, for the Medigap plan provisions.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/22/2021)