

Bulletin 57

MEDICARE SUPPLEMENT INSURANCE POLICY CHANGES FOR 1990

November 9, 1989

The events of Congress relating to the Medicare Catastrophic Act of 1988 are placing an extreme burden on all parties concerned. Until Congress passes final legislation, there will be a great deal of confusion among insurers who market Medicare Supplement insurance policies. This Department has been following the situation closely and working directly with the NAIC.

Current Department Rule 760 IAC 1-45-15(a) requires insurers to notify their policy holders thirty (30) days in advance of the changes in the policy and premium rates. The format for notification is prescribed in 760 IAC 1-45-21. Carriers planning to use this format may do so only if it contains the following statement in no less than ten (10) point type:

"NOTICE: THE ENCLOSED INFORMATION ABOUT YOUR MEDICARE SUPPLEMENT POLICY IS REQUIRED TO BE SENT UNDER CURRENT LAW. HOWEVER, CONGRESS IS IN THE PROCESS OF AMENDING THE MEDICARE LAW. IF CONGRESS AMENDS THE LAW, THE ENCLOSED INFORMATION MAY NOT BE CORRECT. THEREFORE, FURTHER INFORMATION WILL BE SENT TO YOU EXPLAINING HOW YOUR POLICY BENEFITS WILL CHANGE IN ORDER TO CONFORM TO THE FEDERAL AND STATE LAW."

Insurers should draw attention to this notice in the cover letter accompanying the notice of change.

Once we know the changes made by Congress, a format similar to IAC 1-45-21 will be sent to all insurers. This new format must be sent to all policyholders within forty-five (45) days of our notification. The actual policy amendments and rates required as the result of the changes that may be made by Medicare must be filed in accordance with IC 27-8-5-1 and 27-8-13.

I hope this information will assist in making this transition as smooth as possible in the most difficult of circumstances. We will continue to update you as this situation progresses.

John J. Dillon III
INSURANCE COMMISSIONER