

VIRGINIA ACTS OF ASSEMBLY -- 1996 SESSION

CHAPTER 11

An Act to amend and reenact §§ 38.2-3600, 38.2-3606, 38.2-3607, and 38.2-3608 of the Code of Virginia, relating to accident and sickness insurance; Medicare Supplement Insurance.

[H 299]

Approved February 28, 1996

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-3600, 38.2-3606, 38.2-3607, and 38.2-3608 of the Code of Virginia are amended and reenacted as follows:

§ 38.2-3600. Medicare supplement policy; definition.

"Medicare supplement policy" means an individual or group accident and sickness insurance policy or certificate, or a health maintenance organization subscription contract or evidence of coverage, issued or issued for delivery in this Commonwealth which is (i) designed primarily to supplement Medicare by providing benefits for payment of hospital, medical or surgical expenses, or (ii) advertised, marketed or otherwise purported to be a supplement to Medicare.

For group policies, the term does not include :

1. a policy or contract of one or more employers or labor organizations, or of the trustees of a fund established by one or more employers or labor organizations, or a combination of employees and labor organizations, for employees, former employees, or a combination of employees and labor organizations or for members or former members, or combination thereof, of the labor organizations; or

2. A policy or contract of any professional, trade or occupational association for its members or former members, or combination thereof, if the association:

a. Is composed of individuals all of whom are actively engaged in the same profession, trade, or occupation;

b. Has been maintained in good faith for purposes other than obtaining insurance; and

c. Has been in existence for at least two years prior to the date of its initial offering of such policy or plan to its members.

§ 38.2-3606. Outline of coverage.

Pursuant to the authority granted in § 38.2-223, the Commission may issue rules and regulations that may (i) require that an outline of coverage for Medicare supplement policies be delivered to the insured at the time the application is made or at the time the policy is delivered and (ii) prescribe the format and content of the outline of coverage.

§ 38.2-3607. Group or individual Medicare supplement policies; minimum standards.

A. The provisions of §§ 38.2-3418.1, 38.2-3604, 38.2-3605, 38.2-3606 and 38.2-3516 through 38.2-3520 shall be applicable to group Medicare supplement policies. The term "policy" as used in this article shall include a certificate issued under a group Medicare supplement policy which has been delivered or issued for delivery in this Commonwealth.

B. The provisions of § 38.2-3418.1 shall be applicable to individual Medicare supplement policies.

C. *No Medicare supplement policy or certificate in force in this Commonwealth shall contain benefits that duplicate benefits provided by Medicare.*

§ 38.2-3608. Regulations establishing minimum standards.

A. The Commission may issue regulations to establish minimum standards for payment of claims under Medicare supplement policies and for marketing practices, compensation arrangements, requirements for loss ratio refunds or credits, *Medicare select policies and certificates*, and reporting practices of insurers providing such policies.

B. The Commission may revise or amend such regulations and may increase the scope of the regulations only to the extent necessary to maintain federal approval of the Commonwealth's program for regulation of Medicare supplement insurance pursuant to the requirements established by the United States Department of Health and Human Services.

C. The Commission shall annually advise the standing committees of the General Assembly having jurisdiction over insurance matters of revisions and amendments made pursuant to subsection B.