

State of Missouri



John Ashcroft, Governor

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Lewis E. Melahn
Director

BULLETIN 92-01

BULLETIN

TO: ALL MEDICARE SUPPLEMENT ISSUERS

FROM: LEWIS E. MELAHN, DIRECTOR
MISSOURI DEPARTMENT OF INSURANCE

A handwritten signature in cursive script, appearing to read "Lewis E. Melahn".

DATE: JANUARY 6, 1992

RE: APPARENT PRACTICES THAT VIOLATE THE OPEN ENROLLMENT LAW

The Omnibus Budget Reconciliation Act of 1990 (42 U.S.C. Section 1395 (s)(2)(A)) and Section 11 of the NAIC Medicare Supplement Insurance Model Regulation provide for a six month open enrollment period for Medicare beneficiaries 65 years of age or older who first enroll for benefits under Medicare Part B. These provisions state that Medicare supplement insurance issuers may not, as a condition of the issuance or effectiveness of, nor discriminate in the pricing of a Medicare supplement policy during the open enrollment period.

RESCINDED AND INOPERATIVE

It has come to the attention of this Department that some Medicare supplement issuers have taken actions which are contrary to the legislative intent of the open enrollment requirement. These actions include the following:

1. Creating a disincentive to sell Medicare supplement policies during the open enrollment period by establishing compensation arrangements that result in producers receiving substantially lower or no compensation for policies sold pursuant to the open enrollment provision.
2. Applying pre-existing condition limitation waiting periods only to those policies issued pursuant to the open enrollment provision.
3. Engaging in premium rating practices which result in higher premiums solely for those policies issued pursuant to the open enrollment provision.

The practices outlined above appear to violate the legislative intent and spirit of the federal law and violate the section in the model regulation on open enrollment which is patterned after the federal law.

The Missouri Department of Insurance will refer evidence of such practices to the Department of Health and Human Service until such time as Missouri has adopted the Medicare supplement insurance model regulation.