

TITLE 50: INSURANCE
CHAPTER I: DEPARTMENT OF INSURANCE
PART 2008 MINIMUM STANDARDS FOR INDIVIDUAL AND GROUP MEDICARE SUPPLEMENT
INSURANCE

Section 2008.90 Required Disclosure Provisions

- a) General Rules
 - 1) Medicare supplement policies and certificates shall include a renewal or continuation provision. The language or specifications of such provision must be consistent with the type of contract issued. Such provision shall be appropriately captioned and shall appear on the first page of the policy and shall include any reservation by the issuer of the right to change premiums and any automatic renewal premium increases based on the policyholder's age.
 - 2) Except for riders or endorsements by which the issuer effectuates a request made in writing by the insured or exercises a specifically reserved right under a Medicare supplement policy, or is required to reduce or eliminate benefits to avoid duplication of Medicare benefits, all riders or endorsements added to a Medicare supplement policy after date of issue or at reinstatement or renewal which reduce or eliminate benefits or coverage in the policy shall require signed acceptance by the insured. After the date of policy or certificate issue, any rider or endorsement which increases benefits or coverage with an accompanying increase in premium during the policy term shall be agreed to in writing and signed by the insured, unless the benefits are required by the minimum standards for Medicare supplement policies, except if the increased benefits or coverage is required by law. Where a separate additional premium is charged for benefits provided in connection with riders or endorsements, such premium charge shall be set forth in the policy.
 - 3) Medicare supplement policies or certificates shall not provide for the payment of benefits based on standards described as "usual and customary," "reasonable and customary," or words of similar import.
 - 4) If a Medicare supplement policy or certificate contains any limitations with respect to preexisting conditions, such limitations shall appear as a separate paragraph of the policy and be labeled as "Preexisting Condition Limitations."
 - 5) Medicare supplement policies and certificates shall have a notice prominently printed on the first page of the policy or certificate or

attached thereto stating in substance that the policyholder or certificateholder shall have the right to return the policy or certificate within 30 days of its delivery and to have the premium refunded directly to him or her in a timely manner if, after examination of the policy or certificate, the insured person is not satisfied for any reason.

- 6) Issuers of accident and sickness policies or certificates that provide hospital or medical expense coverage on an expense incurred or indemnity basis to persons eligible for Medicare shall provide to those applicants a Guide to Health Insurance for People with Medicare approved by the Director and in type size no smaller than 12 point type. Delivery of the Guide shall be made whether or not such policies or certificates are advertised, solicited or issued as Medicare supplement policies or certificates as defined in this Part. Except in the case of direct response issuers, delivery of the Guide shall be made to the applicant at the time of application and acknowledgement of receipt of the Guide shall be obtained by the issuer. Direct response issuers shall deliver the Guide to the applicant upon request but not later than at the time the policy is delivered.

b) Identification Cards. Identification cards provided to the policyholders must reflect the name of the issuer rather than a corporate name and must also identify which plan coverage is being provided to the policyholder.

c) Policy Checklist

- 1) In order to determine what policy or certificate is appropriate and nonduplicative, a policy checklist must be completed in the presence of the applicant at the point of sale. Copies of the checklist, completed and duly signed are to be provided to the applicant and the issuer. This requirement does not apply to direct response solicitations.
- 2) The checklist required by subsection (c)(1) of this Section shall provide substantially the form prescribed in Appendix A of this Part.
- 3) Issuers issuing Medicare supplement policies for delivery in this State shall not issue a Medicare supplement policy unless all information requested in the policy checklist is provided.

d) Notice Requirements

- 1) As soon as practicable, but no later than 30 days prior to the annual effective date of Medicare benefit changes, an insurer shall

notify its policyholders and certificateholders of modifications it has made to Medicare supplement insurance policies or certificates in the format prescribed in Appendix T of this Part. Such notice shall:

- A) Include a description of revisions to the Medicare program and a description of each modification made to the coverage provided under the Medicare supplement policy or certificate, and
 - B) Inform each policyholder or certificateholder as to when any premium adjustment is to be made due to changes in Medicare.
- 2) The notice of benefit modifications and any premium adjustments shall be in outline form and in clear and simple terms so as to facilitate comprehension. This notice shall be plainly printed in no smaller than 12 point type.
 - 3) Such notices shall not contain or be accompanied by any solicitation.
- e) MMA Notice Requirements. Issuers shall comply with any notice requirements of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.
 - f) Outline of Coverage Requirements for Medicare Supplement Policies
 - 1) Issuers shall provide an outline of coverage to all applicants at the time the application is presented to the prospective applicant, and except for direct response policies, shall obtain an acknowledgement of receipt of such outline from the applicant.
 - 2) If an outline of coverage is provided at the time of application and the Medicare supplement policy or certificate is issued on a basis which would require revision of the outline, a substitute outline of coverage properly describing the policy or certificate shall accompany such policy or certificate when it is delivered and contain the following statement, in no less than 12 point type, immediately above the company name:

NOTICE: Read this outline of coverage carefully. It is not identical to the outline of coverage provided upon application, and the coverage originally applied for has not been issued.

- 3) In addition to the statement required by subsection (f)(2) of this Section, each revised outline of coverage accompanying a policy or certificate issued on a basis other than that originally applied for, shall contain the following notice appearing in no less than 12 point type:

WARNING: The (policy or certificate) you have received is not the same as the one for which you made application.

- 4) The outline of coverage provided to applicants pursuant to this subsection (f)(4) shall consist of four parts: a cover page, premium information, disclosure pages, and charts displaying the features of each benefit plan offered by the issuer. Please see Appendix B of this Part. The outline of coverage shall be in the language and format prescribed in Appendix B in no less than 12 point type. All Plans A through L shall be shown on the cover page, and the plans that are offered by the issuer shall be prominently identified. Premium information for plans that are offered shall be shown on the cover page or immediately following the cover page and shall be prominently displayed. The premium and mode shall be stated for all plans that are offered to the prospective applicant. All possible premiums for the prospective applicant shall be illustrated.
- 5) The outline of coverage shall follow the format in Appendix B of this Part. The term "certificate" should be substituted for the word "policy" throughout the outline of coverage where appropriate.

g) Notice Regarding Policies or Certificates Which are Not Medicare Supplement Policies

- 1) Any accident and sickness insurance policy or certificate, other than a Medicare supplement policy, a policy issued pursuant to a contract under Section 1876 of the Federal Social Security Act (42 USC, Section 1395 et seq.), disability income policy, or other policy identified in Section 2008.30(b)(3) of this Part issued for delivery in this State to persons eligible for Medicare, shall notify insureds under the policy that the policy is not a Medicare supplement policy or certificate. The notice shall either be printed or attached to the first page of the outline of coverage delivered to insureds under the policy, or if no outline of coverage is delivered, to the first page of the policy or certificate delivered to insureds. The notice shall be in no less than 12 point type and shall contain the following language:

THIS (POLICY OR CERTIFICATE) IS NOT A MEDICARE SUPPLEMENT (POLICY OR CERTIFICATE). IT DOES NOT FULLY SUPPLEMENT YOUR FEDERAL MEDICARE

HEALTH INSURANCE. If you are eligible for Medicare, review the Guide to Health Insurance for People with Medicare available from the company.

- 2) Using the applicable statement found in Appendix V of this Part, applications provided to persons eligible for Medicare for the health insurance policies or certificates described in subsection (g)(1) of this Section shall disclose the extent to which the policy duplicates Medicare. The disclosure statement shall be provided as part of, or together with, the application for the policy or certificate.

- h) **Filing Requirements for Advertising**
An issuer of Medicare supplement insurance or benefits in this State shall provide a copy of any Medicare supplement advertisement intended for use in this State whether through written, radio or television medium to the Director for review by the Director to the extent it may be required under State law.

(Source: Amended at 29 Ill. Reg. 14188, effective September 8, 2005)