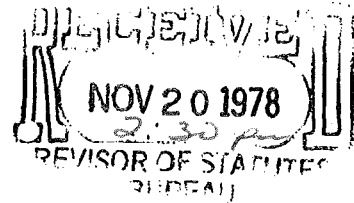


STATE OF WISCONSIN)
OFFICE OF THE COMMISSIONER OF INSURANCE) ss.



TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Harold R. Wilde, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order amending a rule regarding standards for accident and sickness insurance sold to the Medicare eligible was issued by this office November 20, 1978.

I further certify that said copy has been compared by me with the original on file in this office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 20th day of November, 1978.

Harold R. Wilde
Commissioner of Insurance

STATE OF WISCONSIN
DEPARTMENT OF STATE
RECEIVED AND FILED

NOV 20 1978

DOUGLAS LAPOLLETTE
SECRETARY OF STATE

STATE OF WISCONSIN
DEPARTMENT OF STATE
RECEIVED AND FILED

ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

Amending a Rule

NOV 20 1978

DOUGLAS LAFOLLETTE
SECRETARY OF STATE

Pursuant to authority vested in the Commissioner of Insurance by section 601.41 (3), Wis. Stats., the Commissioner of Insurance hereby amends a rule as follows:

Change 1 Wisconsin Administrative Code section Ins 3.39 (2) is amended to read:

(2) Scope. This rule applies to any individual accident and sickness insurance coverage ~~which relates its benefits to Medicare, is designed to complement Medicare or is advertised or marketed as a supplement to Medicare, including hospital confinement indemnity coverage, nursing home coverage and specified disease coverage sold to the Medicare eligible, except that this rule shall not apply to conversion contracts issued as extensions or replacements for prior individual or group coverage.~~ sold to the Medicare eligible which relates its benefits to Medicare, is designed to complement Medicare or is advertised or marketed as a supplement to Medicare, including any contracts purporting to offer comprehensive medical or surgical coverage sold predominantly to the Medicare eligible. This rule also applies to individual hospital confinement indemnity coverage, nursing home coverage and specified disease coverage sold to the Medicare eligible. Except for subsection (8), this rule does not apply to conversion contracts offered as replacements for prior individual or group coverage or to individual or group coverage which continues after an insured becomes eligible for Medicare.

Change 2 Wisconsin Administrative Code section Ins 3.39 (3) (d) is amended to read:

(d) Medicare supplement coverage means hospital, surgical or medical expense incurred and/or indemnity coverage which relates its coverage to eligibility for Medicare and which is designed to pay a specific deductible or co-payment requirement imposed under Medicare Parts A and/or B and provide coverage beyond what Medicare provides, and which conforms to subsection (5) of this rule.

Change 3 Wisconsin Administrative Code section Ins 3.39 (4) (title) is amended to read:

(4) Medicare supplement policy requirements.

Change 4 Wisconsin Administrative Code section Ins 3.39 (4) (a) 1. is amended to read:

1. Provides at a minimum the coverage set out in subsection (5) and applicable statutes;

Change 5 Wisconsin Administrative Code section Ins 3.39 (4) (b) 1. a. is amended to read:

a. Summarizing the benefits provided by Medicare parts A and B , except that the outline applicable to a Medicare Supplement 4-A policy need not summarize Medicare Part B and the outline applicable to a Medicare Supplement 4-B policy need not summarize Medicare Part A;

Change 6 Wisconsin Administrative Code section Ins 3.39 (4) (b) 3. e. is amended to read:

e. That the federal social security administration or its Medicare publications should be consulted for further details and limitations regarding Medicare;

Change 7 Wisconsin Administrative Code section Ins 3.39 (4) (b) 4. is amended to read:

4. Contains in a close conjunction on its first page the Designation, printed in capitals in a clear, contrasting ink in 24-point type of a style in general use, and the Caption, printed in a clear, contrasting ink in 18-point type of a style in general use, prescribed in subsection (5); and

Change 8 Wisconsin Administrative Code section Ins 3.39 (5) (title) is amended to read:

(5) Authorized Medicare supplement policy designations, and captions and minimum coverages.

Change 9 Wisconsin Administrative Code section Ins 3.39 (5) (a) 3. a. 1. is amended to read:

1. Hospitalization, including ~~60-lifetime-reserve-days~~ inpatient psychiatric care

Change 10 Wisconsin Administrative Code section Ins 3.39 (5) (a) 3. b. 5. iii. is amended to read:

iii. ~~Surgical-dressings~~ Medical supplies

Change 11 Wisconsin Administrative Code section Ins 3.39 (5) (a) 3. c. is amended to read:

c. Coverage shall be provided for at least 75% of prescription drug expenses and 50% of outpatient psychiatric treatment up to a separate lifetime maximum of at least \$1,000.

Change 12 Wisconsin Administrative Code section Ins 3.39 (5) (b) 3. a. 1. is amended to read:

1. Hospitalization, including ~~60-lifetime-reserve-days~~ inpatient psychiatric care

Change 13 Wisconsin Administrative Code section Ins 3.39 (5) (b) 3. b. 5. iii. is amended to read:

iii. ~~Surgical-dressings~~ Medical supplies

Change 14 Wisconsin Administrative Code section Ins 3.39 (5) (c) 3. a. 1. is amended to read:

1. Hospitalization to the 90th day of confinement including inpatient psychiatric care

Change 15 Wisconsin Administrative Code section Ins 3.39 (5) (c) 3. b. 2. i. is amended to read:

1. Services in an emergency room or outpatient clinic (not including physical therapy or speech pathology)

Change 16 Wisconsin Administrative Code section Ins 3.39 (5) (d) 3. a. 1. is amended to read:

1. Hospitalization, including ~~60-lifetime-reserve-days~~ inpatient psychiatric care

Change 17 Wisconsin Administrative Code section Ins 3.39 (5) (e) 3. is amended to read:

3. The following Minimum Coverage: This level of coverage shall at a minimum cover all Part B Medicare eligible expenses listed below to at least a stated maximum of \$7,500 per calendar year. Benefits shall be provided for the enumerated expenses up to the stated maximum beyond the day limitations established by Medicare. This policy shall not contain any coverage to supplement Medicare Part A. A deductible ~~up-to-\$500-of-Medicare eligible-expenses-per-calendar-year-may-be-included~~ may be included of up to \$100 per calendar year for Medicare eligible expenses not paid by Medicare.

Change 18 Wisconsin Administrative Code section Ins 3.39 (5) (e) 3. a. 5. iii. is amended to read:

iii. ~~Surgical-dressings~~ Medical supplies

Change 19 Wisconsin Administrative Code section Ins 3.39 (5) (b) 3. is amended to read with the following deletion:

3. The following Minimum Coverage: This level of coverage shall at a minimum cover all Medicare eligible expenses listed below to at least a stated maximum of \$15,000 per benefit period (inclusive of Medicare Parts A and B) or \$10,000 per benefit period for Medicare Part A and \$5,000 per calendar year for Medicare Part B. Benefits shall be provided for the enumerated expenses up to the stated maximum beyond the day limitations established by Medicare ~~unless-a-minimum-period-is-specified-below.~~

Change 20 Wisconsin Administrative Code section Ins 3.39 (5) (b) 3. a. 2. is amended to read with the following deletion:

~~2. Extended Care Services in a Skilled Nursing Facility to the 100th-day-of-confinement~~

Change 21 Wisconsin Administrative Code section Ins 3.39 (4) (b) 5. is repealed and recreated to read:

5. Complies with (7) (b) 1.; and

Change 22 Wisconsin Administrative Code section Ins 3.39 (6) is repealed and recreated to read:

(6) Permissible Medicare supplement policy exclusions and limitations. (a) The coverages set out in subsection (5) may:

1. Exclude expenses for which the insured is compensated by Medicare.

2. Exclude coverage for the initial deductibles for Medicare Parts A and B.

3. Include any exclusion or condition contained in Medicare, except that inpatient treatment of mental illness shall be covered the same as any other illness.

4. Contain an appropriate provision relating to the effect of other insurance on claims.

5. Except for a Medicare Supplement 1 policy for which a specific requirement is set out in subsection (5) (a) 3. c., limit coverage of outpatient psychiatric treatment to 50% of the reasonable and necessary charges and to a lifetime benefit of \$500.

6. Contain a pre-existing condition waiting period provision as provided in subsection (4) (a) 2.

(b) Where the insured chooses not to enroll in Medicare Part B, the insurer may exclude from coverage the expenses which Medicare Part B would cover. Medicare Part B expenses incurred beyond what Medicare Part B would cover may not be excluded.

Change 23 Wisconsin Administrative Code section Ins 3.39 (7) is repealed and recreated to read:

(7) Nursing Home, Hospital Confinement Indemnity and Specified Disease Coverages. (a) Captions for the policies listed in this subsection shall be:

1. Printed and conspicuously placed on the first page of the Outline of Coverage,

2. Printed on a separate form attached to the first page of the policy, and

3. Printed in 18-point bold capital letters.

(b) Nursing Home Coverage.

1. The Outline of Coverage for a policy subject to subsection (5) which provides Skilled Nursing Facility Coverage shall contain clear and conspicuous statements that:

- a. The nursing home coverage will not cover all nursing home expenses,
- b. Only eligible nursing home expenses as defined in the policy will be covered,
- c. Medicare pays no benefits for custodial care or rest home care, and
- d. The policy, unless it provides otherwise, pays no benefits for custodial or rest home care.

2. A policy form which has not been approved by the commissioner under subsection (5) and which provides coverage for confinement or care in a nursing home shall provide such coverage for confinement in any nursing facility and may not exclude coverage because a nursing facility is not Medicare-certified. Such a policy sold to Medicare eligible persons shall bear the following Caption: THE NURSING HOME BENEFIT OF THIS POLICY DOES NOT RELATE IN ANY WAY TO MEDICARE. IT WILL NOT COVER CUSTODIAL CARE OR REST HOME CARE. FOR MORE INFORMATION, CONSULT THE COMMISSIONER'S PAMPHLET "HEALTH INSURANCE ADVICE FOR SENIOR CITIZENS" WHICH YOU RECEIVED WITH THE APPLICATION FOR THIS POLICY.

3. A policy which covers nursing home custodial care or rest home care may be described in the Caption as covering such care, if such Caption is accurately and reasonably worded to indicate, for example, that the policy provides limited custodial care or rest home care.

(c) Hospital Confinement Indemnity Coverage. A policy form providing hospital confinement indemnity coverage sold to a Medicare eligible person shall bear the following Caption: THE HOSPITAL CONFINEMENT INDEMNITY BENEFIT OF THIS POLICY IS NOT DESIGNED TO FILL THE GAPS IN MEDICARE. IT WILL

PAY YOU ONLY A STATED DOLLAR AMOUNT FOR A DESIGNATED NUMBER OF DAYS WHEN YOU ARE HOSPITAL CONFINED. FOR MORE INFORMATION, CONSULT THE COMMISSIONER'S PAMPHLET "HEALTH INSURANCE ADVICE FOR SENIOR CITIZENS" WHICH YOU RECEIVED WITH THE APPLICATION FOR THIS POLICY.

(d) Specified Disease Coverage. A policy form providing benefits only for one or more specified diseases sold to a Medicare eligible person shall bear:

1. The following Designation: SPECIFIED OR RARE DISEASE LIMITED POLICY, and

2. The following Caption: THIS POLICY IS DESIGNED TO COVER ONLY ONE OR MORE SPECIFIED OR RARE ILLNESSES. IT SHOULD NOT BE PURCHASED AS A SUBSTITUTE FOR HEALTH CARE EXPENSE COVERAGE WHICH WOULD GENERALLY COVER ANY ILLNESS OR INJURY. FOR MORE INFORMATION, CONSULT THE COMMISSIONER'S PAMPHLET "HEALTH INSURANCE ADVICE FOR SENIOR CITIZENS" WHICH YOU RECEIVED WITH THE APPLICATION FOR THIS POLICY.

Change 24 Wisconsin Administrative Code section Ins 3.39 (8) is repealed and recreated to read:

(8) Conversion or continuation of coverage. (a) An Outline of Coverage as described in par. (e) and a copy of the current edition of the commissioner's pamphlet "Health Insurance Advice for Senior Citizens" shall be furnished by an insurer upon request to each insured who will become eligible for Medicare and is offered a conversion policy under the terms of a group insurance policy.

(b) An insurer:

- 1. Which provides group insurance coverage shall furnish annually

to each group policyholder written notice of the availability of the information described in pars. (a) or (d), where applicable, and upon request shall furnish sufficient copies of the same or similar notice to the group policyholder to be distributed to group members affected; and

2. Which provides individual or family insurance coverage shall furnish an Outline of Coverage as described in par. (e) and a copy of the current edition of the commissioner's pamphlet "Health Insurance Advice for Senior Citizens" at the time an insured who will become eligible for Medicare is furnished an application for conversion.

(c) Except as provided under par. (d), an insurer shall furnish an Outline of Coverage and a copy of the current edition of the commissioner's pamphlet "Health Insurance Advice for Senior Citizens" within 14 calendar days after receipt of the request for such information.

(d) Upon request, a comprehensive written explanation of the insurance coverage to be provided after Medicare eligibility and a copy of the current edition of the commissioner's pamphlet "Health Insurance Advice for Senior Citizens" shall be furnished by the insurer within 14 calendar days after receipt of the request to each insured who will become eligible for Medicare whose coverage under an individual, family or group insurance policy will continue with changed benefits (e.g. "carve-out" or reduced benefits).

(e) The Outline of Coverage:

1. For a conversion policy which relates its benefits to or complements Medicare shall comply with sub. (4) (b) 1., 2., 3., and 6. of this rule and shall be submitted to the commissioner; and

2. For a conversion policy not subject to subd. 1. shall comply with sub. (7), where applicable, and section Ins 3.27 (5) (1).

Change 25 Wisconsin Administrative Code section Ins 3.39 (9) is repealed and recreated to read:

(9) "Health Insurance Advice For Senior Citizens" Pamphlet. Every prospective Medicare eligible purchaser of any policy subject to this rule or coverage added to an existing Medicare Supplement policy must receive a copy of the current edition of the commissioner's pamphlet "Health Insurance Advice for Senior Citizens" at the time the prospect is contacted by an intermediary or insurer with an invitation to apply as defined in Ins 3.27 (5) (g). This pamphlet prepared by the Office of the Commissioner of Insurance provides information on Medicare and advice to senior citizens on the purchase of Medicare supplement insurance and other health insurance. Insurers may obtain copies of this pamphlet from the Commissioner at cost or may reproduce this pamphlet themselves. This pamphlet shall be periodically revised to reflect changes in Medicare and any other appropriate changes. Prior to the publication of the revised pamphlet, it shall be submitted to the Disability Subcommittee of the Forms and Classification Advisory Council and the Insurance Consumers Advisory Council for review. No insurer shall be responsible for providing applicants the revised pamphlet until 30 days after the insurer has received notice that the revised pamphlet is available at the commissioner's office.

Change 26 Wisconsin Administrative Code section Ins 3.39 (4) (b) 6. is created to read:

6. Summarizes or refers to the coverage set out in applicable statutes; and

Change 27 Wisconsin Administrative Code section Ins 3.39 (4) (b) 7. is created to read:

7. Is submitted to the commissioner for approval along with the policy form.

Change 28 Wisconsin Administrative Code section Ins 3.39 (10) is repealed.

Change 29 Wisconsin Administrative Code section Ins 3.39 (11) is renumbered to read Ins 3.39 (10).

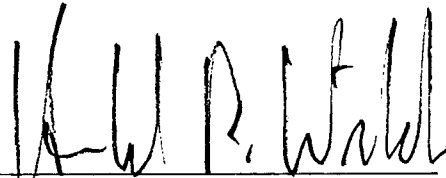
Change 30 Wisconsin Administrative Code section Ins 3.39 (12) is renumbered to read Ins 3.39 (11).

Change 31 Wisconsin Administrative Code section Ins 3.39 (13) is renumbered to read Ins 3.39 (12).

The following note is added to Ins 3.39:

NOTE: Insurers may use current supplies of forms which comply with subsections (7), (8) and (9) of the original rule which became effective January 1, 1978, until those supplies are exhausted, but all forms subject to newly created subsection (7) shall comply with this rule as amended by July 1, 1979.

Dated at Madison, Wisconsin, this 20th day of November, 1978.



Harold R. Wilde
Commissioner of Insurance