



Ninety – Sixth Legislature – Second Session – 2000
Introducer's Statement of Intent
LB 1248

Chairperson: Senator David M. Landis
Committee: Banking, Commerce and Insurance
Date of Hearing: 02/07/00

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

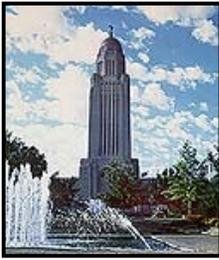
LB 1248 addresses Medicare Supplement Insurance, the so-called "Medigap" insurance. LB 1248 ensures that Medigap insurance is available to those persons who qualify for Medicare because of disability, not age. It is necessary to develop some background in order to place LB 1248 in its proper context. The original Medicare plan had two parts: Part A - Hospital Insurance, and Part B Medical insurance.

Persons become eligible for premium-free Medicare Part A in one of three ways: those 65 years of age or older; under 65 and disabled; or persons with End-Stage Renal Disease.

If an individual qualifies for premium-free Part A coverage, they are automatically eligible for Part B coverage. There is a monthly premium for Part B coverage (\$45.50 monthly in 1999). Participation in Part B is voluntary. Those who did not sign up when originally eligible have two other options, an annual general enrollment period, and a special enrollment period.

Together Part A (Hospital) and Part B (Medical) form what is now known as the Original Medicare Plan. While this Original Plan pays for much of the health care costs, there are still some "gaps". These gaps depend on variables such as frequency of need for health care, type of care needed, and whether the provider is willing to accept the amounts approved by Medicare. To cover these gaps the concept of Medicare Supplement Insurance was developed.

Medicare Supplement Insurance provides more coverage than the Original Plan. Because it covers the "gaps", it is sometimes known as "Medigap" Insurance. These gaps fall into three groups: what is paid, what is partially covered, and what is not covered. There are 10 standardized plans which are "lettered" A through J. Plan A provides the lowest amount of additional coverage with each succeeding plan providing an escalating amount of coverage or combination of coverage. Plan J offers the highest level of coverage.



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Persons who are aged 65 and over and who are enrolled in Medicare Part B have the right to buy any Medigap policy sold within the state for a 6 month period from when they first become eligible. This open enrollment period applies regardless of any health problems, claims history, or pre existing condition.

This area is one of interplay between state and federal law. Federal law requires the guarantee issue for those who qualify for Medicare Part B (and thus Medicare Supplement Insurance) because of reaching age 65. States may mandate that this be available for those under age 65 who qualify by disability. Nebraska’s statutes covering Medicare Supplement Insurance are codified at RS§ 44- 3601 et. seq. Nebraska originally adopted these Medicare Supplement Insurance Minimum Standards Act in 1980 as LB 877.

In 1992, the Legislature passed LB 1006. This bill removed reference to qualifying "by reason of age" in the Medicare Supplement Insurance Minimum Standards Act. LB 1248 is designed to remove any doubt that the Legislature intends that this period of open enrollment be provided to **all** persons who are eligible for Part B coverage, not just those who qualify by reason of age.

Principal Introducer:

_____ **Senator Merton L. Dierks**