



# News Release

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

## **FOR IMMEDIATE RELEASE**

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## **NAIC Adopts Amendments to Medicare Model Law**

*Model now complies with Medicare Modernization Act; can be implemented by states*

KANSAS CITY, Mo. (Sept. 27, 2004) – The National Association of Insurance Commissioners (NAIC) has adopted amendments to its Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act to make it compliant with the Medicare Modernization Act (MMA), which was passed by Congress last year. With the amended model in place, all states are now able to implement the updated model in compliance with the legislation.

“State regulators have shown tremendous responsiveness in getting these amendments in place by the legislation’s mandated September deadline,” said Sandy Praeger, chair of the NAIC’s Health Insurance and Managed Care Committee, who also serves as Kansas Insurance Commissioner. “It took a collaborative effort to study and draft the needed amendments in a relatively short period of time, and thanks to that group effort, the model can now be adopted by the states right away.”

The amendments effectively do the following:

- Add two new plans to the existing standard Medigap plans. The two new plans, known as Plan K and Plan L, are designed to reduce the over-utilization of “first-dollar” coverage features of other Medigap plans, thus providing a financial incentive to beneficiaries to help control costs. Both new plans are similar, but differ in the percentage of coverage for claims and in maximum annual out-of-pocket limit amounts.
- Revise the standard H, I and J plans to eliminate prescription drug coverage for those who enroll in Medicare Part D.
- Prohibit the sale of prescription drug coverage in Medigap after Dec. 30, 2005 (when Part D comes into effect).

“Overall, the purpose of this regulation is to provide for the standardization of coverage and simplification of terms and benefits of Medicare supplement policies, as well as to facilitate public understanding and comparison of the policies,” said Praeger. “When Congress passed the MMA legislation, the states and the NAIC responded by updating our model for the benefit of consumers across the country.”

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The NAIC's Medicare Supplement Insurance Model Regulation was originally adopted in 1980, although it has been reviewed and amended over the years. All 50 states and the District of Columbia now have the model in place and must now adopt the amended version.

### **About the NAIC**

Headquartered in Kansas City, Missouri, the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and four U.S. territories. The association's overriding objective is to assist state insurance regulators in protecting consumers and helping maintain the financial stability of the insurance industry by offering financial, actuarial, legal, computer, research, market conduct and economic expertise. Formed in 1871, it is the oldest association of state officials. For more information, visit NAIC on the Web at: [www.naic.org/pressroom](http://www.naic.org/pressroom).

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