

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
300 Capitol Mall, 17th Floor
Sacramento, CA 95814**

SB 407: GUIDANCE: MEDICARE SUPPLEMENT NEW OR INNOVATIVE BENEFITS

June 30, 2020

REG-2020-00004

Senate Bill (SB) 407 (Chapter 549, Statutes 2019) amends subdivision (f) of California Insurance Code section 10192.91. The Insurance Commissioner of the State of California issues the following guidance applicable only to insurance companies (issuers) issuing approved Medicare Supplement insurance plans with new or innovative benefits in the State of California.

Pursuant to California Insurance Code sections 10192.91(f)(2)(A) and 10192.91(f)(2)(C), issuers of Medicare Supplement insurance plans must provide specified information to current and prospective policyholders and certificate holders of any plans with new or innovative benefits approved for sale. In addition, all notices to current and prospective policyholders and certificate holders of a product with new or innovative benefits shall follow the standards set forth in this guidance for purposes of consumer comparison of benefits, out-of-pocket costs, and premiums as follows:

1. An issuer that offers a Medicare Supplement plan with new or innovative benefits shall notify current policyholders and certificate holders of the availability of these plans and the new or innovative benefits provided in the plans by completing and attaching the Notice of New or Innovative Benefits shown in paragraph 6 below to the annual notice required by California Insurance Code section 10192.11(h)(1).
2. An issuer that offers a Medicare Supplement plan with new or innovative benefits shall notify prospective policyholders and certificate holders of the availability of these plans and the new or innovative benefits provided in the plans by completing and attaching the Notice of New or Innovative Benefits shown in paragraph 6 below to the notices and information required by California Insurance Code sections 10192.17(j) and 10192.18.
3. In the Notice of New or Innovative Benefits, the plan shall list all new or innovative benefits offered by the plan. The name of the new or innovative benefit, a detailed description, and the policyholder or certificate holder's out-of-pocket costs shall be listed. The issuer may add rows to the chart as necessary, ensuring information on all new or innovative benefits provided by the issuer is included.
4. If the premium for new or innovative benefits is subject to rating factors, the issuer may attach a rate sheet to the Notice of New or Innovative Benefits rather than listing the portion of the premium attributable to the new or innovative benefits. The rate sheet shall separate the premium for the new or innovative benefits from the total policy premium.
5. This guidance is effective July 1, 2020 and shall remain in effect through December 31, 2022, or until the Commissioner adopts and effects regulations pursuant to the Administrative Procedures Act, whichever occurs first.

6. The Notice of New or Innovative Benefits shall be in the following form, and the “Your Out-of-Pocket Costs” column entries for each benefit shall be marked “N/A”, when inapplicable:

Attachment

Notice of New or Innovative Benefits

THE PURPOSE OF THIS FORM IS TO NOTIFY CONSUMERS OF THE AVAILABILITY OF MEDICARE SUPPLEMENT PLANS OFFERED FOR SALE BY [INSERT ISSUER NAME] THAT INCLUDE NEW OR INNOVATIVE BENEFITS, IN ADDITION TO THE STANDARDIZED COVERAGE OFFERED BY THE PLAN.

FOR ADDITIONAL INFORMATION PLEASE CONTACT [INSERT INSURANCE COMPANY CONTACT].

| NEW OR INNOVATIVE BENEFITS ADDED TO MEDICARE SUPPLEMENT PLAN [INSERT PLAN NAME] | | |
|---|---|---|
| | YOUR OUT-OF-POCKET COSTS (In-Network Provider) | YOUR OUT-OF-POCKET COSTS (Out-of-Network Provider) |
| <i>[New or Innovative Benefit Name]:</i> | | |
| <i>[Detailed Description, including any limitations]:</i> | \$ | \$ |
| <i>[Detailed Description, including any limitations, add additional lines as needed]:</i> | \$ | \$ |
| <i>[New or Innovative Benefit Name]:</i> | | |
| <i>[Detailed Description, including any limitations]:</i> | \$ | \$ |
| <i>[Detailed Description, including any limitations, add additional lines as needed]:</i> | \$ | \$ |
| Total annual premium for new or innovative benefits only: \$[XX.XX] [see attached rate sheet]. | | |