

**22 GCA BUSINESS REGULATIONS  
CH. 29 MEDICAL CARE INSURANCE**

**CHAPTER 29  
MEDICAL CARE INSURANCE**

**NOTE:** Medical Care Insurance (§§ 43700-43709) was enacted as Chapter VII of Title XXXIX of the Government Code. Compiler has changed sections numbers because there already exists a Chapter 7.

- § 29101. Definitions.
- § 29102. Applicability and Scope.
- § 29103. Standards for Policy Provisions and Authority to Promulgate Regulations.
- § 29104. Loss Ratio Standards.
- § 29105. Disclosure Standards.
- § 29106. Notice of Free Examination.
- § 29107. Filing Requirements for Advertising.
- § 29108. Administrative Procedures.
- § 29109. Penalties.
- § 29110. Severability.

**§ 29101. Definitions.**

(a) *Applicant* means:

(1) In the case of an individual Medicare supplement policy, the person who seeks to contract for insurance benefits, and

(2) In the case of a group Medicare supplement policy, the proposed certificate holder.

(b) *Certificate* means, for the purposes of this Chapter, any certificate delivered or issued for delivery in Guam under a group Medicare supplement policy.

(c) *Certificate Form* means, the form on which the certificate is delivered or issued for delivery by the issuer.

(d) *Insurer* includes insurance companies, fraternal benefit societies, health care service plans, health maintenance organizations, and any other entity delivering or issuing for delivery in Guam Medicare supplement policies or certificates.

(e) *Medicare* means the "Health Insurance for the Aged Act," Title XVIII of the Social Security Amendments of 1965, as then constituted or later amended.

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(f) *Medicare Supplement Policy* means a group of individual policy of accident and sickness insurance or a subscriber contract of hospital and medical service associations or health maintenance organizations, other than a policy issued pursuant to contract under Section 1876 or Section 1833 of the Federal Social Security Act (42 U.S.C. Section 1395 et. seq.), or an issued policy under a demonstration project authorized pursuant to amendments to the Federal Social Security Act, which is advertised, marketed or designed primarily as a supplement to reimbursements under Medicare for the hospital, medical or surgical expenses of persons eligible for Medicare.

(g) *Policy Form* means the form on which the policy is delivered or issued for delivery by the issuer.

**SOURCE:** GC § 43900; added by P.L. 21-123:1

**§ 29102. Applicability and Scope.**

(a) Except as otherwise specifically provided in § 29104, this Chapter shall apply to:

- (1) all Medicare supplement policies delivered or issued for delivery in Guam on or after the effective date hereof, and
- (2) All certificates issued under group Medicare supplement policies, which certificates have been delivered or issued for delivery in Guam.

(b) This Chapter shall not apply to a policy of one (1) or more employers or labor organizations, or of the trustees of a fund established by one (1) or more employers or labor organizations, or combination thereof, for employees or former employees or a combination thereof, or for members or former members, or a combination thereof, of the labor organization.

(c) The provisions of this Chapter are not intended to prohibit or apply to insurance policies or health care benefit plans, including group conversion policies, provided to Medicare eligible persons which policies are not marketed or held to be Medicare supplement policies or benefit plans.

**SOURCE:** GC § 43901; added by P.L. 21-123:1.

**§ 29103. Standards for Policy Provisions and Authority to Promulgate Regulations.**

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(a) No Medicare supplement policy or certificate in force in Guam shall contain benefits that duplicate benefits provided by Medicare.

(b) Notwithstanding any other provision of law, a Medicare supplement policy or certificate shall not exclude or limit benefits for loss incurred more than six (6) months from the effective date of coverage because it involved a preexisting condition more restrictively than a condition for which medical advice was given or treatment was recommended by or received from a physician within six (6) months before the effective date of coverage.

(c) The Commissioner shall adopt reasonable regulations to establish specific standards for policy provisions of Medicare supplement policies and certificates. Such standards shall be in addition to and in accordance with applicable laws of Guam. No requirement of the Insurance Code relating to minimum required policy benefits, other than the minimum standards contained in this Chapter, shall apply to Medicare supplement policies and certificates. The standards may cover, but not be limited to:

- (1) Terms of renewability;
- (2) Initial and subsequent conditions of eligibility;
- (3) Non-duplication of coverage;
- (4) Probationary periods;
- (5) Benefit limitations, exceptions and reductions;
- (6) Elimination periods;
- (7) Requirements for replacement;
- (8) Recurrent conditions; and
- (9) Definitions of terms.

(d) The Commissioner shall adopt reasonable regulations to establish minimum standards for benefits, claims payment, marketing practices and compensation arrangements and reporting practices, for Medicare supplement policies and certificates.

(e) The Commissioner may adopt from time to time such reasonable regulations as are necessary to conform Medicare supplement policies and certificates to the requirements of Federal law and regulations promulgated thereunder, including but not limited to:

- (1) Requiring refunds or credits if the policies are certificates do

not meet loss ratio requirements;

(2) Establishing a uniform methodology for calculating and reporting loss ratios;

(3) Assuring public access to policies, premiums and loss ratio information of issuers of Medicare supplement insurance.

(4) Establishing a process for approving or disapproving policy forms and certificate forms and proposed premium increases;

(5) Establishing a policy for holding public hearings prior to approval of premium increases; and

(6) Establishing standards for Medicare Select policies and certificates.

(f) The Commissioner may adopt reasonable regulations that specify prohibited policy provisions not otherwise specifically authorized by statute which, in the opinion of the commissioner, are unjust, unfair or unfairly discriminatory to any person insured or proposed to be insured under a Medicare supplement policy or certificate.

**SOURCE:** GC § 43902.; added by P.L. 21-123:1.

#### **§ 29104. Loss Ratio Standards.**

Medicare supplement policies shall return to policy holders benefits which are reasonable in relation to the premium charged. The commissioner shall issue reasonable regulations to establish minimum standards for loss ratios of Medicare supplement policies on the basis of incurred claims experience, or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis, and earned premiums in accordance with accepted actuarial principles and practices.

**SOURCE:** GC § 43903; added by P.L. 21-123:1.

#### **§ 29105. Disclosure Standards.**

(a) In order to provide for full and fair disclosure in the sale of Medicare supplement policies, no Medicare supplement policy or certificate shall be delivered in Guam unless an outline of coverage is delivered to the applicant at the time application is made.

(b) The Commissioner shall prescribe the format and content of the outline of coverage required by subsection (a) of this section. For purposes of this section, *format* means style, arrangements and overall appearance,

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including such items as the size, color and prominence of type and arrangement of text and captions. Such outline of coverage shall include:

(1) A description of the principal benefits and coverage provided in the policy;

(2) A statement of the renewal provisions, including any reservation by the issuer of a right to change premiums; and disclosure of the existence of any automatic renewal premium increases based on the policyholder's age.

(3) A statement that the outline of coverage is a summary of the policy issued or applied for and that the policy should be consulted to determine governing contractual provisions.

(c) The Commissioner may prescribe by regulation a standard form and the contents of an informational brochure for persons eligible for Medicare, which is intended to improve the buyer's ability to select the most appropriate coverage and improve the buyer's understanding of Medicare. Except in the case of direct response insurance policies, the commissioner may require by regulation that the informational brochure be provided to any prospective insured eligible for Medicare concurrently with delivery of the outline of coverage. With respect to direct response insurance policies, the commissioner may require by regulation that the prescribed brochure be provided upon request to any prospective insured eligible for Medicare, but in no event later than the time of policy delivery.

(d) The Commissioner may adopt regulations for captions or notice requirements determined to be in the public interest and designed to inform prospective insured that particular insurance coverages are not Medicare supplement coverages, for all accident and sickness insurance policies sold to persons eligible for Medicare by reason of age, other than:

(1) Medicare supplement policies;

(2) Disability income policies;

(3) Basic, catastrophic or major medical expense policies; or

(4) Single premium, nonrenewable policies.

(e) The commissioner may adopt reasonable regulations to govern the full and fair disclosure of the information in connection with the replacement of accident and sickness policies, subscriber contracts or certificates by persons eligible for Medicare.

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**SOURCE:** GC § 43904; added by P.L. 21-123:1.

**§ 29106. Notice of Free Examination.**

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 applicant shall have the right to return the policy or certificate within thirty (30) days of its delivery and to have the premium refunded if, after examination of the policy or certificate, the applicant is not satisfied for any reasons. Any refund made pursuant to this section shall be paid directly to the applicant by the issuer in a timely manner.

**SOURCE:** GC § 43905; added by P.L. 21-123:1.

**§ 29107. Filing Requirements for Advertising.**

Every issuer of Medicare supplement insurance policies or certificates in Guam shall provide a copy of any Medicare supplement advertisement intended for use in Guam whether through written, radio, or television medium to the commissioner for review or approval by the Commissioner to the extent it may be required under law.

**SOURCE:** GC § 43906; added by P.L. 21-123:1.

**§ 29108. Administrative Procedures.**

Regulations adopted pursuant to §12212, Chapter 12 relating to the adoption and promulgation of rules and regulations.

**SOURCE:** GC § 43907; added by P.L. 21-123:1.

**§ 29109. Penalties.**

In addition to any other applicable penalties for violations of the Insurance Code, the commissioner may require issuers violating any provision of this Chapter or regulations promulgated pursuant to this Chapter to cease marketing any Medicare supplement policy or certificate in Guam which is related directly or indirectly to a violation or may require such issuer to take such actions as are necessary to comply with the provisions of this Chapter or both.

**SOURCE:** GC § 43908; added by P.L. 21-123:1.

**§ 29110. Severability.**

If any provision of this Chapter or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the Chapter and the application of such provision to other persons or

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circumstances shall not be affected thereby.

**SOURCE:** GC § 43909; added by P.L. 21-123:1.

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