

**INSURANCE
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE**

Medicare Supplement--Under 50 Coverage

Adopted Amendments: N.J.A.C. 11:4-23A.2, 23A.6 and 23A.12

Proposed: June 16, 2003 at 35 N.J.R. 2565(a)

Adopted: January 23, 2004 by Holly C. Bakke, Commissioner of the Department of Banking and Insurance

Filed: January 26, 2004 as R. 2004 d.86 , **without change**

Authority: N.J.S.A. 17:1-8.1, 17:1-15e and 17B:26A-14a.

Effective Date: March 1, 2004

Expiration Date: November 30, 2005

Summary of Public Comment and Agency Response:

The Department of Banking and Insurance received one timely comment from a New Jersey consumer.

Comment: The commenter asked that Medicare recipients be included under the dollar a day insurance plan announced by Governor McGreevy because there are many low income people in New Jersey who need such a plan. It is unclear from the comment whether the commenter was referring to the Governor's plan for automobile insurance for low-income individuals or whether the comment referred to a similar program for low cost health insurance.

Response: The Department appreciates the difficulties people with low incomes are experiencing in purchasing insurance whether it is health insurance or automobile insurance.

The dollar a day plan referred to by the commenter is an automobile insurance plan, not a health

insurance plan. Moreover, N.J.S.A. 39:6A-3.3, which establishes the special automobile insurance policy for low income individuals, limits availability of the program to those persons eligible and enrolled in the Federal Medicaid program. If the comment was addressed to the criteria for eligibility for the special auto insurance policy, it is beyond the scope of this proposal.

Presuming the comment was directed to health insurance, benefits provided by Medicare Supplement insurance are set by Federal law and cannot be reduced by the states in order to produce plans with lower premiums. Therefore, the Department suggests that the commenter investigate Medicare + Choice and Medicare PPO plans, which may offer lower premiums than the plans with which he is presently familiar.

Federal Standards Statement

Federal standards exist regarding Medicare Supplement Plans (see 42 U.S.C. §§ 1395ss et seq.) but they do not apply to the New Jersey Under 50 Plan. The Board has revised its Plan of Operation so that the Under 50 Plan will continue to operate consistently with the Federal standards for over 65 Medicare Supplement Plans. The amendments would apply the same standards that are applicable to individuals eligible for Medicare by reason of age under Federal law to individuals eligible for Medicare by reason of disability under State law. The Board's recommendations do not exceed those Federal standards; therefore, no further Federal analysis is required.

Full text of the adoption follows:

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