BOB MILLER
*Acting Governor*

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STATE OF NEVADA

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*Commissioner of Insurance*

**DEPARTMENT OF COMMERCE**
**INSURANCE DIVISION**
**201 South Fall Street**
**Carson City, Nevada 89710**
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Bulletin No. 89-001

May 18, 1989

MEDICARE SUPPLEMENT

The Medicare Supplement regulations adopted by the Insurance Division and filed effective February 21, 1989, provide that the Outline of Coverage and Notice of Replacement must be in a form prescribed by the Insurance Division. See: Subsection 3 of Section 15 and paragraph 4 of subsection 4 of Section 17 of those regulations.

The Insurance Division requires all insurers to use the outline of coverage and notice of replacement forms which are substantially similar to the forms included in the National Association of Insurance Commissioner's (NAIC) Model Regulation Number 123 as adopted on September 20, 1988. This regulation can be found in Volume I of the NAIC Model Laws, Regulations and Guidelines, pages 123-12 through 123-26.

Attached to this bulletin are copies of those forms.

David A. Gates
Commissioner of Insurance

DAG/tk

5. 5. [The following charts shall accompany the outline of coverage:]

MEDICARE BENEFITS IN Part A

| Service | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|
| PART A | | | | |
| Inpatient Hospital Services: | All but $540 for first 60 days/ benefit period | All but $560 deductible for an unlimited number of days/calendar year | All but Part A deductible for an unlimited number of days/calendar year | All but Part A deductible for an unlimited number of days/calendar year |
| Semi-Private Room & Board | All but $135 a day for 61st-90th days/benefit period | | | |
| Miscellaneous Hospital Services & Supplies, such as Drugs, X-rays, Lab Tests & Operating Room | All but $270 a day for 91st-150th days (if the individual chooses to use 60 nonrenewable lifetime reserve days) | | | |
| | Nothing beyond 150 days | | | |
| Skilled Nursing Facility Care | 100% of costs for 1st 20 days (after a 3 day prior hospital confinement) | 80% of Medicare reasonable costs for first 8 days per calendar year w/out prior hospitalization requirement | 80% for first 8 days/calendar year | 80% for first 8 days/ calendar year |
| | All but $67.50 aday for 1st-100th days | | | |
| | Nothing beyond 100 days | 100% of costs thereafter up to 150 days/calendar year | 100% for 9th-150th day/calendar year | 100% for 9th-150th day/calendar year |
| Blood | Pays all costs except nonreplacement fees (blood deductible) for first 3 pints in each benefit period | Pays all costs except payment of deductible (equal to costs for first 3 pints) each calendar year. Part A blood deductible reduced to the extent paid under Part B | All but blood deductible (equal to costs for first 3 pints) | All but blood deductible (equal to costs for first 3 pints) |

Part B

MEDICARE BENEFITS IN

| Service | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|
| Parts A & B: | | | | |
| Home Health Services | Intermittent skilled nursing care and other services in the home (daily skilled nursing care for up to 21 days or longer in some cases) — 100% of covered services and 80% of durable medical equipment under both Parts A & B | Same as '88 | Intermittent skilled nursing care for up to 7 days a week for up to 38 days allowing for continuation of services under unusual circumstances; other services, — 100% of covered services and 80% of durable medical equipment under both Parts A & B | Same as '90 |
| PART B | | | | |
| Medical Expense: Services of a Physician/Outpatient Services<br><br>Medical Supplies Other than Prescribed Drugs | 80% of reasonable charges after an annual $75 deductible | 80% after annual $75 deductible | 80% of reasonable charges after $75 annual deductible until out-of-pocket maximum is reached. 100% of reasonable charges are covered for remainder of calendar year | Same as '90 |
| Blood | 80% of costs except nonreplacement fees (blood deductible) for first 3 pints in each benefit period after $75 deductible | Pays 80% of all costs except payment of deductible (equal to costs for first 3 pints) each calendar year | Same as '89 | Same as '89 |
| Mammography Screening | | | 80% of approved charge for elderly and disabled Medicare beneficiaries - exams available every other year for women 65 & over | Same as '90 |
| Out-of-Pocket Maximum | | | $1,370 consisting of Part B $75 deductible, Part B blood deductible and 20% co-insurance | $1,370-will be adjusted annually by Secretary of Health and Human Services |
| Outpatient Prescription Drugs | | | There is a $550 total deductible applicable to home IV drug and immunosuppressive drug therapies as noted below | Covered after $600 deductible subject to 50% co-insurance |

C. Outline of Coverage Requirements for Medicare Supplement Policies.

(1) Insurers issuing Medicare supplement policies or certificates for delivery in this State shall provide an outline of coverage to all applicants at the time application is made and, except for direct response policies, shall obtain an acknowledgement of receipt of such outline from the applicant; and

(2) If an outline of coverage is provided at the time of application and the Medicare supplement policy or certificate is issued on a basis which would require revision of the outline, a substitute outline of coverage properly describing the policy or certificate must accompany such policy or certificate when it is delivered and contain the following statement, in no less than twelve (12) point type, immediately above the company name:

"NOTICE: Read this outline of coverage carefully. It is not identical to the outline of coverage provided upon application and the coverage originally applied for has not been issued."

(3) The outline of coverage provided to applicants pursuant to Paragraph (2) shall be in the form prescribed below:

**[COMPANY NAME]**
**OUTLINE OF MEDICARE**
**SUPPLEMENT COVERAGE**

1. Read your Policy Carefully - This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth in detail the rights and obligations of both you and your insurance company. It is, therefore, important that you READ YOUR POLICY CAREFULLY!

2. Medicare Supplement Coverage - Policies of this category are designed to supplement Medicare by covering some hospital, medical and surgical services which are partially covered by Medicare. Coverage is provided for hospital inpatient charges and some physician charges, subject to any deductibles and copayment provisions which may be in addition to those provided by Medicare, and subject to other limitations which may be set forth in the policy. The policy does not provide benefits for custodial care such as help in walking, getting in and out of bed, eating, dressing, bathing and taking medicine [delete if such coverage is provided].

3. A. [for agents:]

Neither [insert company's name] nor its agents are connected with Medicare.

B. [for direct responses:]

[insert company's name] is not connected with Medicare.

4. [A brief summary of the major medical benefit gaps in Medicare Parts A & B with a parallel description of supplemental benefits, including dollar amounts (and indexed copayments or deductibles, as appropriate), provided by the Medicare supplement coverage in the following order:]

| DESCRIPTION | THIS POLICY PAYS | YOU PAY |
|---|---|---|
| SERVICE | | |
| PART A | | |
| INPATIENT HOSPITAL SERVICES: | | |
| Semi-Private Room & Board | | |
| Miscellaneous Hospital Services & Supplies, such as Drugs, X-Rays, Lab Tests & Operating Room | | |
| SKILLED NURSING FACILITY CARE | | |
| BLOOD | | |
| PARTS A & B | | |
| Home Health Services | | |
| PART B | | |
| MEDICAL EXPENSE: | | |
| Services of a Physician/ Outpatient Services | | |
| Medical Supplies other than Prescribed Drugs | | |
| BLOOD | | |
| MAMMOGRAPHY SCREENING | | |
| OUT-OF-POCKET MAXIMUM | | |
| PRESCRIPTION DRUGS | | |
| MISCELLANEOUS | | |
| Home IV-Drug Therapy | | |
| Immunosuppresive Drugs | | |
| Respite Care Benefits | | |

**IN ADDITION TO THIS OUTLINE OF COVERAGE, [INSURANCE COMPANY NAME] WILL SEND AN ANNUAL NOTICE TO YOU 30 DAYS PRIOR TO THE EFFECTIVE DATE OF MEDICARE CHANGES WHICH WILL DESCRIBE THESE CHANGES AND THE CHANGES IN YOUR MEDICARE SUPPLEMENT COVERAGE.**

MEDICARE BENEFITS IN Part B (cont'd)

| Service | 1988 | 1989 | 1990 | 1991 |
|---|---|---|---|---|
| PART B | | | | |
| Home IV-Drug Therapy | | | 80% of IV therapy drugs subject to $550 deductible (deductible waived if home therapy is a continuation of therapy initiated in a hospital) | 80% of IV therapy drugs subject to standard drug deductible (deductible waived if home therapy is a continuation of therapy drugs initiated in a hospital) |
| Immunosuppresive Drug Therapy | 80% of costs during first year following a covered organ transplant (no special drug deductible; only the regular Part B deductible) | Same as '88 | Same as '88 for first year following covered transplant; 50% of costs during 2nd and following years (subject to $550 deductible) | Same as '90 (subject to $600 deductible) |
| Respite Care Benefit | | | In-home care for chronically dependent individual covered for up to 80 hours after either the out-of-pocket limit or the outpatient drug deductible has been met | Same as '90 |

6. Statement that the policy does or does not cover the following:

   (a) Private duty nursing;

   (b) Skilled nursing home care costs (beyond what is covered by Medicare);

   (c) Custodial nursing home care costs;

   (d) Intermediate nursing home care costs;

   (e) Home health care above number of visits covered by Medicare;

   (f) Physician charges (above Medicare's reasonable charges);

   (g) Drugs (other than prescription drugs furnished during a hospital or skilled nursing facility stay);

   (h) Care received outside the U.S.A.;

   (i) Dental care or dentures, checkups, routine immunizations, cosmetic surgery, routine foot care, examinations for the cost of eyeglasses or hearing aids.

7. A description of any policy provisions which exclude, eliminate, resist, reduce, limit, delay, or in any other manner operate to qualify payments of the benefits described in 4 above, including conspicuous statements;

   (a) That the chart summarizing Medicare benefits only briefly describes such benefits.

   (b) That the Health Care Financing Administration or its Medicare publications should be consulted for further details and limitations.

8. A description of policy provisions respecting renewability or continuation of coverage, including any reservation of rights to change premium.

9. The amount of premium for this policy.

DRAFTING NOTE: The term "certificate" should be substituted for the word "policy" throughout the outline of coverage where appropriate.

D. Notice Regarding Policies or Subscriber Contracts Which Are Not Medicare Supplement Policies.

Any accident and sickness insurance policy or subscriber contract, other than a Medicare supplement policy; disability income policy; basic, catastrophic, or major medical expense policy; single premium nonrenewable policy or other policy identified in Section 3B of this regulation, issued for delivery in this State to persons eligible for Medicare by reason of age shall notify insureds under the policy or subscriber contract that the policy or subscriber contract is not a Medicare supplement policy. Such notice shall either be printed or attached to the first page of the outline of coverage delivered to insureds under the policy or subscriber contract, or if no outline of coverage is delivered, to the first page of the policy, certificate or subscriber contract delivered to insureds. Such notice shall be in no less than twelve (12) point type and shall contain the following language:

"THIS [POLICY, CERTIFICATE OR SUBSCRIBER CONTRACT] IS NOT A MEDICARE SUPPLEMENT [POLICY OR CONTRACT]. If you are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from the company."

## Section 13. Requirements for Replacement

A. Application forms shall include a question designed to elicit information as to whether a Medicare supplement policy or certificate is intended to replace any other accident and sickness policy or certificate presently in force. A supplementary application or other form to be signed by the applicant containing such a question may be used.

B. Upon determining that a sale will involve replacement, an insurer, other than a direct response insurer, or its agent, shall furnish the applicant, prior to issuance or delivery of the Medicare supplement policy or certificate, a notice regarding replacement of accident and sickness coverage. One (1) copy of such notice shall be provided to the applicant and an additional copy signed by the applicant shall be retained by the insurer. A direct response insurer shall deliver to the applicant at the time of the issuance of the policy the notice regarding replacement of accident and sickness coverage. In no event, however, will such a notice be required in the solicitation of "accident only" and "single premium nonrenewable" policies.

C. The notice required by Subsection B above for an insurer, other than a direct response insurer, shall be provided in substantially the following form:

### NOTICE TO APPLICANT REGARDING REPLACEMENT OF ACCIDENT AND SICKNESS INSURANCE

According to [your application] [information you have furnished], you intend to lapse or otherwise terminate existing accident and sickness insurance and replace it with a policy to be issued by [Company Name] Insurance Company. Your new policy provides thirty (30) days within which you may decide without cost whether you desire to keep the policy. For your own information and protection, you should be aware of and seriously consider certain factors which may affect the insurance protection available to you under the new policy.

1. Health conditions which you may presently have (preexisting conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay of a claim for benefits under the new policy, whereas a similar claim might have been payable under your present policy.

DRAFTING NOTE: This subsection may be modified if preexisting conditions are covered under the new policy.

2. You may wish to secure the advice of your present insurer or its agent regarding the proposed replacement of your present policy. This is not only your right, but it is also in your best interest to make sure you understand all the relevant factors involved in replacing your present coverage.

3. If, after due consideration, you still wish to terminate your present policy and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical/health history. Failure to include all material medical information on an application may provide a basis for the company to deny any future claims and to refund your premium as though your policy had never been in force. After the application has been completed and before you sign it, reread it carefully to be certain that all information has been properly recorded.

The above "Notice to Applicant" was delivered to me on:

_____
(Date)

_____
(Applicant's Signature)

D. The notice required by Subsection B above for a direct response shall be as follows:

**NOTICE TO APPLICANT REGARDING REPLACEMENT OF ACCIDENT AND SICKNESS INSURANCE**

According to [your application] [information you have furnished] you intend to lapse or otherwise terminate existing accident and sickness insurance and replace it with the policy delivered herewith issued by [Company Name] Insurance Company. Your new policy provides thirty (30) days within which you may decide without cost whether you desire to keep the policy. For your own information and protection, you should be aware of and seriously consider certain factors which may affect the insurance protection available to you under the new policy.

1. Health conditions which you may presently have (preexisting conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay of a claim for benefits under the new policy, whereas a similar claim might have been payable under your present policy.

2. You may wish to secure the advice of your present insurer or its agent regarding the proposed replacement of your present policy. This is not only your right, but it is also in your best interest to make sure you understand all the relevant factors involved in replacing your present coverage.

3. [To be included only if the application is attached to the policy.] If, after due consideration, you still wish to terminate your present policy and replace it with new coverage, read the copy of the application attached to your new policy and be sure that all questions are answered fully and correctly. Omissions or misstatements in the application could cause an otherwise valid claim to be denied. Carefully check the application and write to [Company Name and Address] within ten (10) days if any information is not correct and complete, or if any past medical history has been left out of the application.

_____
(Company Name)

APPENDIX A

[COMPANY NAME]

NOTICE OF CHANGES IN MEDICARE AND YOUR MEDICARE SUPPLEMENT INSURANCE - 1989

YOUR HEALTH CARE BENEFITS PROVIDED BY THE FEDERAL MEDICARE PROGRAM WILL CHANGE BEGINNING JANUARY 1, 1989. ADDITIONAL CHANGES WILL OCCUR IN MEDICAL BENEFITS IN FOLLOWING YEARS. THE MAJOR CHANGES ARE SUMMARIZED BELOW. THESE CHANGES WILL AFFECT HOSPITAL, MEDICAL AND OTHER SERVICES AND SUPPLIES PROVIDED UNDER MEDICARE. BECAUSE OF THESE CHANGES, YOUR MEDICARE SUPPLEMENT COVERAGE PROVIDED BY [COMPANY NAME] WILL CHANGE, ALSO. THE FOLLOWING OUTLINE BRIEFLY DESCRIBES THE MODIFICATIONS IN MEDICARE AND IN YOUR MEDICARE SUPPLEMENT COVERAGE. PLEASE READ THIS CAREFULLY!

[A BRIEF DESCRIPTION OF THE REVISIONS TO MEDICARE PARTS A & B WITH A PARALLEL DESCRIPTION OF SUPPLEMENTAL BENEFITS WITH SUBSEQUENT CHANGES, INCLUDING DOLLAR AMOUNTS, PROVIDED BY THE MEDICARE SUPPLEMENT COVERAGE IN SUBSTANTIALLY THE FOLLOWING FORMAT.]

| SERVICES | MEDICARE BENEFITS | | YOUR MEDICARE SUPPLEMENT COVERAGE | |
|---|---|---|---|---|
| | Medicare Now Pays Per Benefit Period | Effective January 1, 1989 Medicare Will Pay Per Calendar Year | Your 1988 Coverage Per Benefit Period | Effective January 1, 1989 Your Coverage Will Pay Per Calendar Year |
| MEDICARE PART A SERVICES AND SUPPLIES | First 60 days - All but $540 | Unlimited number of hospital days after $560 deductible | | |
| | 61st to 90th day - All but $135 a day | | | |
| | 91st to 150th day - All but $270 a day (if individual chooses to use 60 nonrenewable lifetime reserve days) | | | |
| | Beyond 150th day - Nothing | | | |
| SKILLED NURSING FACILITY CARE | Requires a 3 day prior stay and enter the facility generally within 30 days after hospital discharge | There is no prior confinement requirement for this benefit | | |
| 100% of costs | First 20 days - All but $25.50 a day | First 8 days - | | |
| | 21st through 100th day - All but $67.50 a day | 9th through 150th day - 100% of costs | | |
| | Beyond 100 days - Nothing | Beyond 150 days - Nothing | | |

| SERVICES | MEDICARE BENEFITS | | YOUR MEDICARE SUPPLEMENT COVERAGE | |
|---|---|---|---|---|
| | Medicare Now Pays Per Calendar Year | In 1989 Medicare Part B Pays the Same as in 1988 | Your Policy Now Pays | Effective January 1, 1989 Your Policy Will Pay |
| MEDICARE PART B SERVICES AND SUPPLIES | 80% of allowable charges (after $75 deductible) | NOTE: Medicare benefits change on January 1, 1990 as follows: 80% of allowable charges (after $75 deductible) until an annual Medicare Catastrophic limit is met. 100% of allowable charges for the remainder of the calendar year. The limit in 1990 is $1370* and will be adjusted on an annual basis. | | |
| PRESCRIPTION DRUGS | Inpatient prescription drugs only | In 1989 Medicare covers inpatient prescription drugs only.<br><br>Effective January 1, 1990 Per Calendar Year 80% of allowable charges for home intravenous (IV) therapy drugs and 50% of allowable charges for immunosuppresive drugs after ($550 in 1990) calendar year deductible is met.<br><br>Effective January 1, 1991 Per Calendar Year inpatient prescription drugs: 50% of allowable charges for all other outpatient prescription drugs after a $600 calendar year deductible is met (the deductible will change). Coverage will increase to 60% of allowable charges in 1992 and to 80% of allowable charges from 1993 on. | | |

*Expenses that count toward the Part B Medicare Catastrophic Limit include: the Part B deductible and copayment charges and the Part B blood deductible charges.

[ANY ADDITIONAL BENEFITS]

[Describe any coverage provisions changing due to Medicare modifications.]

[Include information about premium adjustments that may be necessary due to changes in Medicare benefits, or when premium changes, information will be sent.]

THIS CHART SUMMARIZING THE CHANGES IN YOUR MEDICARE BENEFITS AND IN YOUR MEDICARE SUPPLEMENT PROVIDED BY [COMPANY] ONLY BRIEFLY DESCRIBES SUCH BENEFITS. FOR INFORMATION ON YOUR MEDICARE BENEFITS CONTACT YOUR SOCIAL SECURITY OFFICE OR THE HEALTH CARE FINANCING ADMINISTRATION. FOR INFORMATION ON YOUR MEDICARE SUPPLEMENT [Policy] CONTACT:

[COMPANY OR FOR AN INDIVIDUAL POLICY - NAME OF AGENT] [ADDRESS/PHONE NUMBER]

APPENDIX B

[COMPANY NAME]
NOTICE OF CHANGES IN MEDICARE AND YOUR MEDICARE SUPPLEMENT COVERAGE — 1990

YOUR HEALTH CARE BENEFITS PROVIDED BY THE FEDERAL MEDICARE PROGRAM WILL CHANGE BEGINNING January 1, 1990. ADDITIONAL CHANGES WILL OCCUR IN MEDICAL BENEFITS IN FOLLOWING YEARS. THE MAJOR CHANGES ARE SUMMARIZED BELOW. THESE CHANGES WILL AFFECT HOSPITAL, MEDICAL AND OTHER SERVICES AND SUPPLIES PROVIDED UNDER MEDICARE. BECAUSE OF THESE CHANGES YOUR MEDICARE SUPPLEMENT COVERAGE PROVIDED BY [COMPANY NAME] WILL CHANGE, ALSO. THE FOLLOWING OUTLINE BRIEFLY DESCRIBES THE MODIFICATIONS IN MEDICARE AND IN YOUR MEDICARE SUPPLEMENT COVERAGE. PLEASE READ THIS CAREFULLY!

[A BRIEF DESCRIPTION OF THE REVISIONS TO MEDICARE PARTS A & B WITH A PARALLEL DESCRIPTION OF SUPPLEMENTAL BENEFITS WITH SUBSEQUENT CHANGES, INCLUDING DOLLAR AMOUNTS, PROVIDED BY THE MEDICARE SUPPLEMENT COVERAGE IN SUBSTANTIALLY THE FOLLOWING FORMAT.]

| SERVICES | MEDICARE BENEFITS | | YOUR MEDICARE SUPPLEMENT COVERAGE | |
|---|---|---|---|---|
| | Medicare Now Pays Per Calendar Year | Effective January 1, 1990, Medicare Will Pay Per Calendar Year | Your Coverage Now Pays Per Calendar Year | Effective January 1, 1990 Your Coverage Will Pay Per Calendar Year |
| MEDICARE PART A SERVICES AND SUPPLIES | Unlimited number of hospital days after $560 deductible | | | |
| SKILLED NURSING FACILITY CARE | There is no prior confinement requirement for this benefit<br><br>First 8 days - All but $25.50 a day<br><br>9th through 150th day - 100% of costs<br><br>Beyond 150 days - Nothing | | | |

| SERVICES | MEDICARE BENEFITS | | YOUR MEDICARE SUPPLEMENT COVERAGE | |
|---|---|---|---|---|
| | Medicare Now Pays Per Calendar Year | Effective January 1, 1990 Medicare Will Pay Per Calendar Year | Your Coverage Now Pays Per Calendar Year | Effective January 1, 1990 Your Coverage Will Pay Per Calendar Year |
| MEDICARE PART B SERVICES AND SUPPLIES | 80% of allowable charges (after $75 deductible) | 80% of allowable charges (after $75 deductible) until an annual Medicare Catastrophic Limit* is met. 100% of allowable charges for the remainder of the calendar year. The limit in 1990 is $1370 and will be adjusted on an annual basis. | | |
| PRESCRIPTION DRUGS | Inpatient prescription drugs. 80% of allowable charges for immunosuppressive therapy drugs during the first year following covered transplant. | Inpatient prescription drugs. 80% of allowable charges for home intravenous (IVM) therapy drugs and 50% of allowable charges for immuno-suppressive drugs after ($550 in 1990) calendar year deductible is met. | | |

*Expenses that you must pay out-of-pocket and that count toward the Part B Medicare Catastrophic Limit include: the Part B deductible and co-payment charges and the Part B blood deductible charges.

[ANY ADDITIONAL BENEFITS]

[Describe any coverage provisions changing due to Medicare modifications.]

[Include information about premium adjustments that may be necessary due to changes in Medicare benefits, or when premium changes, information will be sent.]

THIS CHART SUMMARIZING THE CHANGES IN YOUR MEDICARE BENEFITS AND IN YOUR MEDICARE SUPPLEMENT PROVIDED BY [COMPANY] ONLY BRIEFLY DESCRIBES SUCH BENEFITS. FOR INFORMATION ON YOUR MEDICARE BENEFITS CONTACT YOUR SOCIAL SECURITY OFFICE OR THE HEALTH CARE FINANCING ADMINISTRATION. FOR INFORMATION ON YOUR MEDICARE SUPPLEMENT [Policy] CONTACT:

[COMPANY OR FOR AN INDIVIDUAL POLICY - NAME OF AGENT] [ADDRESS/PHONE NUMBER]

APPENDIX C

[COMPANY NAME]
NOTICE OF CHANGES IN MEDICARE AND YOUR MEDICARE SUPPLEMENT COVERAGE — 1991

YOUR HEALTH CARE BENEFITS PROVIDED BY THE FEDERAL MEDICARE PROGRAM WILL CHANGE BEGINNING January 1, 1991. ADDITIONAL CHANGES WILL OCCUR IN MEDICAL BENEFITS IN FOLLOWING YEARS. THE MAJOR CHANGES ARE SUMMARIZED BELOW. THESE CHANGES WILL AFFECT HOSPITAL, MEDICAL AND OTHER SERVICES AND SUPPLIES PROVIDED UNDER MEDICARE. BECAUSE OF THESE CHANGES YOUR MEDICARE SUPPLEMENT COVERAGE PROVIDED BY [COMPANY NAME] WILL CHANGE, ALSO. THE FOLLOWING OUTLINE BRIEFLY DESCRIBES THE MODIFICATIONS IN MEDICARE AND IN YOUR MEDICARE SUPPLEMENT COVERAGE. PLEASE READ THIS CAREFULLY!

[A BRIEF DESCRIPTION OF THE REVISIONS TO MEDICARE PARTS A & B WITH A PARALLEL DESCRIPTION OF SUPPLEMENTAL BENEFITS WITH SUBSEQUENT CHANGES, INCLUDING DOLLAR AMOUNTS, PROVIDED BY THE MEDICARE SUPPLEMENT COVERAGE IN SUBSTANTIALLY THE FOLLOWING FORMAT.]

| SERVICES | MEDICARE BENEFITS | | YOUR MEDICARE SUPPLEMENT COVERAGE | |
|---|---|---|---|---|
| | Medicare Now Pays Per Calendar Year | Effective January 1, 1990 Medicare Will Pay Per Calendar Year | Your Coverage Now Pays Per Calendar Year | Effective January 1, 1990 Your Coverage Will Pay Per Calendar Year |
| MEDICARE PART A SERVICES AND SUPPLIES | Unlimited number of hospital days after $[ ] deductible | | | |
| SKILLED NURSING FACILITY CARE | There is no prior confinement requirement for this benefit<br><br>First 8 days - All but $[ ] a day<br><br>9th through 150th day - 100% of costs<br><br>Beyond 150 days - Nothing | | | |

| SERVICES | MEDICARE BENEFITS | | YOUR MEDICARE SUPPLEMENT COVERAGE | |
|---|---|---|---|---|
| | Medicare Now Pays Per Calendar Year | Effective January 1, 1991 Medicare Will Pay Per Calendar Year | Your Coverage Now Pays Per Calendar Year | Effective January 1, 1991 Your Coverage Will Pay Per Calendar Year |
| MEDICARE PART B SERVICES AND SUPPLIES | 80% of allowable charges (after $75 deductible) until an annual Medicare Catastrophic Limit* is met. 100% of allowable charges for the remainder of the calendar year. The limit in 1990 is $1370 and will be adjusted on an annual basis. | 80% of allowable charges (after $75 deductible) until an annual Medicare Catastrophic Limit* is met. 100% of allowable charges for the remainder of the calendar year. The limit in 1991 is $[ ] and will be adjusted on an annual basis. | | |
| PRESCRIPTION DRUGS | Inpatient prescription drugs. 80% of allowable charges for home IV therapy drugs and 50% of allowable charges for immunosuppresive drugs, after a $550 calendar year deductible is met. | Same as 1990 and 50% of allowable charges for all other outpatient prescription drugs after $600 calendar year deductible is met. | | |

*Expenses that you must pay out-of-pocket and that count toward the Part B Medicare Catastrophic Limit include: the Part B deductible and co-payment charges and the Part B blood deductible charges.

[ANY ADDITIONAL BENEFITS]

[Describe any coverage provisions changing due to Medicare modifications.]

[Include information about premium adjustments that may be necessary due to changes in Medicare benefits, or when premium changes, information will be sent.]

THIS CHART SUMMARIZING THE CHANGES IN YOUR MEDICARE BENEFITS AND IN YOUR MEDICARE SUPPLEMENT PROVIDED BY [COMPANY] ONLY BRIEFLY DESCRIBES SUCH BENEFITS. FOR INFORMATION ON YOUR MEDICARE BENEFITS CONTACT YOUR SOCIAL SECURITY OFFICE OR THE HEALTH CARE FINANCING ADMINISTRATION. FOR INFORMATION ON YOUR MEDICARE SUPPLEMENT [Policy] CONTACT:

[COMPANY OR FOR AN INDIVIDUAL POLICY - NAME OF AGENT] [ADDRESS/PHONE NUMBER]