



BULLETIN NO. 57

FEBRUARY 26, 1982

STATE COOPERATION - PROSECUTION OF
FEDERAL MEDIGAP LAW VIOLATIONS

In June of 1980, the United States Congress passed Public Law 96-265 (commonly known as the Federal Medigap Law) and empowered the Health Care Financing Administration (H.C.F.A.) with the authority and responsibility for implementing and enforcing the penalty provisions of the Act.

Specifically, Section 1882 of Title XVIII of the Social Security Act provides for fines of up to \$25,000 and/or imprisonment of up to five years for the following abuses in connection with the sale and marketing of Medicare Supplemental Health Insurance Policies:

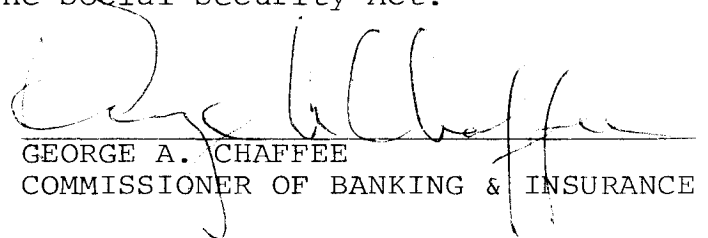
- A. Knowingly making a false representation with respect to the compliance of a policy with federal requirements; or with respect to the use of the emblem which signifies the Secretary's certification under the Voluntary Certification Program established under this law in Section 1882(d)(1);
- B. Falsely representing an association with the Medicare program or any federal agency for the purpose of selling or attempting to sell health insurance (Section 1882(d)(2));
- C. Knowingly selling duplicative health insurance to an individual where such a policy will not pay duplicative benefits (Section 1882(d)(3));
or
- D. Knowingly soliciting, advertising, or offering for sale Medicare supplemental policies by mail in a state which has not been approved by the state or has not been deemed to be approved for sale within that state (Section 1882(d)(4)).

Subsections (d)(1), (d)(2) and (d)(3) of Section 1882 (A., B., and C. above) were effective as of June 9, 1980; and, Subsection (d)(4) of Section 1882 (D. above) will become effective on July 1, 1982.

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A system of mutual assistance and coordination between the H.C.F.A. and this Department has been established for the purpose of identifying and prosecuting violators. This system also involves liaison and cooperation between the Office (Regional) of the Inspector General (O.I.G.), the Department of Human Services and the United States Attorney, if necessary, for the purpose of investigating and prosecuting any known violator in the State of Vermont.

Please be advised that the Vermont Insurance Department is cooperating with these agencies and the Regional Special Agent in Charge (O.I.G.), and will continue to initiate and/or assist in investigations of all complaints concerning possible violations of our statutes and regulations as well as any violations of Section 1882 of Title XVIII of the Social Security Act.



GEORGE A. CHAFFEE
COMMISSIONER OF BANKING & INSURANCE