

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 48

(Chair, Finance Committee)(By Request - Departmental -
Maryland Insurance Administration)

Finance

Health and Government Operations

**Health Insurance - Medicare Supplement Policies for Dual Eligible Individuals -
Open Enrollment Period**

This departmental bill requires a carrier to offer Medicare supplement policy plans A and C to an individual younger than age 65 who is eligible for Medicare due to a disability during the six-month period following notification of Medicare enrollment if the applicant is notified of the applicant's retroactive enrollment in Medicare. The bill also repeals an obsolete provision regarding an open enrollment period for individuals no longer eligible for the Maryland Health Insurance Plan (MHIP) due to eligibility for Medicare.

The bill takes effect June 1, 2017.

Fiscal Summary

State Effect: The bill does not substantively change State activities or operations.

Local Effect: None.

Small Business Effect: The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law/Background: For individuals age 65 and older, federal law provides a one-time-only open enrollment period during the first six months after enrollment in Medicare Part B. During this period, individuals can buy any Medicare supplement policy

sold in the State. Maryland law requires carriers to extend a similar, limited open enrollment period to individuals younger than age 65 who are eligible for Medicare due to a disability. Carriers must offer these individuals Medicare supplement policy plans A and C if their applications are submitted (1) during the six-month period following their enrollment in Medicare Part B or (2) for those individuals terminated from MHIP as a result of enrollment in Medicare Part B, during the six-month period after their termination.

According to MIA, for individuals younger than age 65 who are eligible due to a disability, Medicare often makes eligibility determinations on a retroactive basis, which reduces and in some cases eliminates the open enrollment period for these individuals. The bill is intended to provide these individuals with six months from the date they are notified of their enrollment in Medicare Part B to also enroll in a Medicare supplement policy.

The bill also repeals an obsolete reference regarding individuals terminated from MHIP. MHIP served as the State's insurer of last resort for medically uninsurable individuals beginning in 2003. Under the federal Patient Protection and Affordable Care Act, this population can buy private health insurance due to elimination of preexisting condition limitations. Chapter 321 of 2016 repealed MHIP effective July 1, 2016.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - January 10, 2017
fn/ljm Third Reader - January 24, 2017

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Health Insurance — Medicare Supplement Policies for Individuals Under Age 65 Who Qualify for Medicare Due to Disability — Measure of Open Enrollment Period

BILL NUMBER: SB 48

PREPARED BY: Nancy Egan
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PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS