

**Department of Legislative Services**  
Maryland General Assembly  
2020 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 659  
Finance

(Senator Kramer)

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**Insurance - Medicare Supplement Policy Plans - Open Enrollment Period  
Following Birthday**

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This bill requires a carrier that sells Medicare supplement policy plans to provide an enrolled individual the opportunity to switch to a different Medicare supplement policy plan with equal or lesser benefits within 30 days following the individual's birthday. A carrier is prohibited from denying or conditioning a new plan or denying, reducing, or conditioning coverage because of the health status, claims experience, receipt of health care, or medical condition of the individual. A carrier must notify an insured of their right to switch plans at least 30 days, but no more than 60 days, before the insured's birthday.

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**Fiscal Summary**

**State Effect:** Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2021 from the \$125 rate and form filing fee. Review of forms can likely be handled within existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** 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.

During this open enrollment period, carriers may not deny or condition the issuance or effectiveness of a Medicare supplement; discriminate in the pricing of a policy plan; or deny, reduce, or condition coverage or apply an increase premium rating under such a plan because of the health status, claims experience, receipt of health care, or medical condition of the applicant.

Generally, if an individual seeks to enroll in a Medicare supplement policy plan (or change plans) after this open enrollment period, guaranteed issue requirements do not apply. Thus, an individual may be subject to medical underwriting and/or charged higher premiums based on health status.

**Background:** California and Oregon allow Medicare supplement policy plan enrollees to switch to a plan with the same or lesser benefits within 30 days of their birthday (often referred to as the “birthday rule”). Missouri allows enrollees to switch within a 60-day window of their enrollment anniversary. In Connecticut and New York, Medicare supplement policy plans are guaranteed issue year-round. Maine allows individuals to switch plans at any time during the year.

MIA advises that there are approximately 59 Medicare supplement carriers approved in Maryland. Most carriers offer 5 to 10 types of supplement policy plans.

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### **Additional Information**

**Prior Introductions:** HB 1129 of 2019, a similar bill, received a hearing in the House Health and Government Operations Committee but was subsequently withdrawn.

**Designated Cross File:** HB 653 (Delegate Reznik) - Health and Government Operations.

**Information Source(s):** Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 11, 2020  
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