

Deborah Rivkin
Vice President
Government Affairs – Maryland

CareFirst BlueCross BlueShield
1501 S. Clinton Street, Suite 700
Baltimore, MD 21224-5744
Tel. 410-528-7054
Fax 410-528-7981



HB 247 – Insurance – Medicare Supplement Policy Plans – Open Enrollment Period Following Birthday

Position: Oppose

Thank you for the opportunity to provide written comments regarding House Bill 247. 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, discriminating in the pricing of the plan, or denying, reducing, or conditioning coverage because of the health status, claims experience, receipt of health care, or medical condition of the individual. Additionally, 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. This bill would take effect 10/1/22.

While well intentioned, passing this bill could drive up the costs of Medicare Supplement coverage for Marylanders. Allowing an annual open enrollment period will incentivize consumers to switch in and out of coverages based on their own financial and health requirements. Allowing external member movement into existing Medicare Supplement plans creates volatility in the receiving carrier's book, and results in higher rates for everyone because higher risk is shifting. This churn could have a negative impact on premiums for seniors.

- A fundamental principle of insurance involves the pooling of risks. To ensure stable premiums, a pool of individuals must include healthy people as well as those who are less healthy. If a pool only attracts those with a higher risk of health care needs (adverse selection), average costs increase, and consumers face higher premiums. Providing an annual open enrollment period to allow consumers to switch plans, could result in lower-risk and/or financially sensitive individuals switching to an insurer that can offer a lower premium option.
- Insurers who happen to attract a disproportionate number of unhealthy risks, resulting in higher overall premiums, would essentially be penalized as healthier individuals look to other insurers for lower premium policies. This has a **negative impact on competition in the market, potentially resulting in fewer choices for consumers.**
- Churn among plans and insurers will inevitably make pricing more difficult because the risk combination for any given plan or insurer would vary year to year.

While CareFirst strongly supports the policy goal of ensuring that Medigap premiums remain stable for current and future enrollees, this bill could have the unintended consequence of raising premiums by creating volatility in Medicare Supplement rates. For this reason, CareFirst respectfully opposes **HB 247**.

We urge an unfavorable report.

About CareFirst BlueCross BlueShield

In its 84th year of service, CareFirst, an independent licensee of the Blue Cross and Blue Shield Association, is a not-for-profit healthcare company which, through its affiliates and subsidiaries, offers a comprehensive portfolio of health insurance products and administrative services to 3.4 million individuals and employers in Maryland, the District of Columbia, and Northern Virginia. In 2019, CareFirst invested \$43 million to improve overall health, and increase the accessibility, affordability, safety, and quality of healthcare throughout its market areas. To learn more about CareFirst BlueCross BlueShield, visit our website at www.carefirst.com and our transforming healthcare page at www.carefirst.com/transformation, or follow us on [Facebook](#), [Twitter](#), [LinkedIn](#) or [Instagram](#).