

**Department of Legislative Services**

Maryland General Assembly

2004 Session

**FISCAL AND POLICY NOTE**

**Revised**

House Bill 574 (Chairman, Health and Government Operations Committee)  
(By Request – Departmental – Insurance Administration, Maryland)

Health and Government Operations

Finance

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**Health Insurance - Medicare Supplement Policies - Sale or Offer to Medicaid-Eligible Individual**

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This departmental bill specifies that a carrier or insurance producer may only sell or offer to sell a Medicare supplement policy to an individual eligible for Medicaid in accordance with federal law.

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**Fiscal Summary**

**State Effect:** Any change in activities would not materially affect State finances.

**Local Effect:** None.

**Small Business Effect:** The Maryland Insurance Administration has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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**Analysis**

**Current Law:** State law provides that neither a carrier nor a health insurance producer may negligently or knowingly sell or offer to sell a Medicare supplement policy to an individual eligible for Medicaid benefits. In recommending the purchase of any Medicare supplement policy, an agent shall make reasonable efforts to determine the appropriateness of a recommended purchase. Any sale of Medicare supplement coverage that will provide an individual more than one Medicare supplement policy or certificate is prohibited.

**Current Law:** Federal law specified in the bill provides that it is unlawful for a person to issue or sell a Medicare supplemental policy to a Medicare-eligible individual unless the person obtains a written statement specifying what health insurance policies (including any Medicare+Choice plan) the individual has, from what source, and whether the individual is entitled to Medicaid as a qualified Medicare beneficiary or otherwise.

The statement required must be made on a form that states: (1) a Medicare-eligible individual does not need more than one Medicare supplemental policy; (2) individuals may be eligible for benefits under the State Medicaid program and that such individuals who are entitled to Medicaid benefits usually do not need a Medicare supplemental policy; (3) benefits and premiums under a Medicare supplemental policy must be suspended upon request of the policyholder during the period (of not longer than 24 months) of entitlement to Medicaid benefits and may be reinstated upon loss of such entitlement; and (4) counseling services may be available in the State to provide advice concerning the purchase of Medicare supplemental policies and enrollment under the Medicaid program.

A Qualified Medicare Beneficiary is a Medicaid enrollee who needs help in paying for Medicare services. The beneficiary must have Medicare Part A and limited income and resources. For those who qualify, Medicaid pays Medicare Part A premiums, Part B premiums, and Medicare deductibles and coinsurance amounts for Medicare services.

A Specified Low-Income Medicare Beneficiary is a Medicaid enrollee who has Medicare Part A, a low monthly income, and limited resources. Medicaid pays Medicare Part B premiums for these individuals.

**State Fiscal Effect:** Since individuals who are enrolled in both Medicare and Medicaid have very limited out-of-pocket costs and are very low-income, it is assumed very few, if any, Medicaid enrollees would purchase a Medicare supplement policy. Medicaid would not be affected.

This bill conforms Maryland law to federal law.

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### **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 - February 20, 2004  
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