

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

Senate Bill 56

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

Finance

Health and Government Operations

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**Health Insurance - Medicare Supplement Policies - Repeal of Requirement to Offer Plan I**

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This departmental bill repeals the requirement for carriers to offer a Medicare supplement policy plan I to disabled individuals younger than age 65 who are eligible for Medicare.

The bill takes effect June 1, 2010.

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**Fiscal Summary**

**State Effect:** The bill does not directly affect governmental operations or finances.

**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). Legislative Services concurs with this assessment.

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**Analysis**

**Current Law:** Medicare supplement policies must meet federal requirements and are subject to minimum State standards. 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, an individual can buy any Medicare supplement policy sold in the State and cannot be denied coverage or charged more due to past or present medical conditions.

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 plans A, C, and I during the six-month period after the individual enrolls in Medicare Part B if those plans are offered by the carrier to individuals eligible for Medicare due to age. A carrier may not charge such individuals a rate higher than the average of the premiums paid by all policy holders age 65 and older for the plan A policy.

**Background:** Medicare supplement policies pay some health care costs not covered by Medicare, such as copayments, with some providing additional benefits not included under Medicare. Carriers may offer 12 standardized Medicare supplement plans (plans A through L). All plans must provide the same basic benefits to allow for ease of comparison by consumers.

Medicare supplement plan A provides basic benefits, including additional inpatient hospitalization, coinsurance and copayments for outpatient medical services, and blood products. Medicare supplement plan C covers these basic benefits plus nursing home coinsurance, Medicare Part A and B deductibles, and foreign travel emergencies. Medicare supplement plan I covers these benefits plus Medicare Part B excess charges and at-home recovery.

Effective June 1, 2010, the federal government will no longer offer Medicare supplement policy plan I. Therefore, MIA advises that the bill keeps Maryland law up to date with federal regulations by repealing the plan I reference.

According to the Health Assistance Partnership, the at-home recovery benefit available in plan I was underutilized and outdated. Federal regulations replace plan I (along with some other plans not offered in Maryland) with plans M and N. Plan M covers 50% of the Part A inpatient hospital deductible, fully covers the core benefit and skilled nursing facility daily coinsurance charges, and has a foreign travel emergency benefit. Plan N fully covers the Part A insurance deductible and Part B coinsurance charges are subject to a new copayment structure.

MIA recently amended regulations so that carriers will be able to offer plans M and N on or after June 1, 2010.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** CareFirst Blue Cross/Blue Shield, Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - January 15, 2010  
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