

**Department of Legislative Services**  
Maryland General Assembly  
2018 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 52

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

Finance

Health and Government Operations

**Insurance - Medicare Supplement Policy Plans - Conformity to Federal Law**

This departmental bill replaces references to Medicare supplement policy plan C with Medicare supplement policy plan D to conform with federal law. **The bill takes effect January 1, 2020.**

**Fiscal Summary**

**State Effect:** Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2020 from the \$125 rate and form filing fee. Review of filings can be handled with existing MIA resources.

**Local Effect:** None.

**Small Business Effect:** 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) if the applicant is notified of his or her retroactive enrollment in Medicare, during the six-month period following notification of enrollment in Medicare. Carriers may not deny or condition a Medicare supplement policy plan A or C or deny, reduce, or condition coverage under such a plan because of the health status, claims experience, receipt of health care, or medical condition of the applicant.

The federal Medicare Access and CHIP Reauthorization Act of 2015 prohibits the sale of Medicare supplement plans that cover Part B deductibles (*i.e.*, Plan C and Plan F) to newly eligible Medicare beneficiaries on or after January 1, 2020. In response, the National Association of Insurance Commissioners revised its model regulation to designate Plan C as Plan D and Plan F as Plan G and to remove the Part B coverage components of these plans. The bill alters references to Plan C to Plan D accordingly. There are no statutory references to Plan F in Maryland law.

**State Revenues:** Under the bill, any Medicare supplement carrier that currently offers Plan D supplement plans only to individuals age 65 or older will need to submit a new rate filing to sell such plans to individuals younger than age 65. According to MIA, only 3 of the 43 Medicare supplement carriers in the individual market and 2 of the 9 carriers in the group market currently offer Plan D supplement plans in Maryland. Thus, MIA special fund revenues increase by a minimal amount in fiscal 2020 from additional rate and form filing fees.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - January 9, 2018  
nb/ljm Third Reader - January 24, 2018

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Analysis by: Jennifer B. Chasse

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510

**ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

**TITLE OF BILL:** Insurance – Medicare Supplement – Conformity to Federal Law

**BILL NUMBER:** SB 52

**PREPARED BY:**  
(Dept./Agency) Maryland Insurance Administration

**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