

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 247

(Delegate Reznik, *et al.*)

Health and Government Operations

Finance

Insurance - Medicare Supplement Policies - Open Enrollment Period Following Birthday

This bill requires a carrier that sells Medicare supplement policies to provide an enrolled individual the opportunity to switch to a different Medicare supplement policy with equal or lesser benefits within 30 days following the individual’s birthday. A carrier is prohibited from denying or conditioning a new policy, discriminating in the pricing of the policy, or denying, reducing, or conditioning coverage because of the health status, claims experience, receipt of health care, or medical condition of the individual. Existing provisions regarding treatment of preexisting conditions in Medicaid supplement policies or certificates apply during the open enrollment period. A carrier must notify an insured of their right to switch policies at least 30 days, but no more than 60 days, before the insured’s birthday. The bill specifies the manner in which a Medicare supplement policy is determined to have equal or lesser benefits and requires the Insurance Commissioner to adopt regulations establishing a matrix for identifying which Medicare supplement policies have equal or lesser benefits. **The bill takes effect January 1, 2023, and applies only on and after July 1, 2023.**

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration in FY 2023 from the \$125 rate and form filing fee. Review of forms and adoption of regulations can be handled within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

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; or deny, reduce, or condition coverage or apply an increase premium rating under such a policy because of the health status, claims experience, receipt of health care, or medical condition of the applicant. A Medicare supplement policy or certificate may not (1) exclude or limit benefits for losses incurred more than six months after the effective date of coverage because the losses involved a preexisting condition or (2) define a preexisting condition more restrictively than a condition for which a physician gave medical advice or recommended or gave treatment within six months before the effective date of coverage.

Generally, if an individual seeks to enroll in a Medicare supplement policy (or change policies) 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.

Additional Information

Prior Introductions: HB 1063 of 2021 and HB 653 of 2020, similar bills, each received a hearing in the House Health and Government Operations Committee, but no further action was taken on either bill. Their cross files, SB 682 of 2021 and SB 659 of 2020, each received a hearing in the Senate Finance Committee, but no further action was taken on either bill. HB 1129 of 2019, a similar bill, received a hearing in the House Health and Government Operations Committee and was subsequently withdrawn.

Designated Cross File: None.

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

Fiscal Note History: First Reader - January 31, 2022
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