

**Department of Legislative Services**  
Maryland General Assembly  
2025 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 956  
Finance

(Senator West)

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**Health Insurance - Medicare Supplement Policies - Broker Commission**

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This bill requires a carrier to pay the same commission rate to a broker for the sale of a Medicare supplement policy sold during a guaranteed issue period as one sold during an open enrollment period. The bill applies to a Medicare policy issued within 30 days following the individual's birthday or to an individual at least 65 years old.

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**Fiscal Summary**

**State Effect:** The bill does not substantively change State activities or operations.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** For individuals aged 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. However, Chapter 680 of 2022 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 may not deny or condition a new policy, discriminate in the pricing of the policy, or deny, reduce, or condition coverage because of the health status, claims experience, receipt of health care, or medical condition of the individual. 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.

**Small Business Effect:** Small business insurance brokers that sell Medicare supplement policies may benefit from increased broker commissions under the bill.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced in the last three years.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - February 24, 2025  
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