



February 18, 2020

The Honorable Senator Delores Kelley
Maryland General Assembly
Annapolis, MD

Dear Senator Kelley:

UnitedHealthcare supports the passage of SB 659, a bill to create what is commonly referred to in the Medicare supplement market as the “Birthday Rule.” About 250,000 Maryland residents are currently enrolled in Medicare supplement plans which help them to pay Medicare’s deductibles and coinsurance. UnitedHealthcare insures just over 100,000 of Maryland’s Medicare supplement enrollees and over 4 million in total across the country. While each Medicare enrollee has a guaranteed right to purchase a Medicare supplement plan when they first enroll in Medicare, enrollees in Maryland may not be able to make changes to their coverage later if their health status changes. An annual Birthday Open Enrollment Period would give Medicare supplement enrollees a guaranteed right to switch to a different Medicare supplement plan or company during their birth month each year if they find an option that better meets their needs.

The Birthday Rule provides an important consumer protection

Medicare supplement plans are standardized across the market so that each company’s plans have the same benefit designs and coverage, making it easy to compare prices and options. Although the benefit designs are standardized, premium increases and the customer experience can vary greatly across companies. Unfortunately, in Maryland, Medicare supplement insureds with a health condition may not be able to switch companies to take advantage of lower premiums or better service. The Birthday Rule would ensure that Marylanders who have paid Medicare supplement premiums for years are not stuck in a plan should they want or need to switch.

The Birthday Rule is good for the Medicare Supplement market

The Birthday Rule promotes both competition and consumer protection by providing Medicare supplement enrollees a guaranteed right to change their coverage each year. The Birthday Rule has been in place in California for about 20 years and in Oregon for about 7 years, and both states have healthy and stable Medicare supplement markets. The Birthday Rule itself does not materially affect premiums when premium levels are adequate to begin with, but it does promote long-term rate stability in the Medicare supplement market. When insureds have the option to switch plans during their birth month, companies have an important incentive to price their plans with rate stability in mind.

Annual surveys conducted by AHIP consistently find high rates of satisfaction among Medicare supplement insureds^[1]. The goal of the Birthday Rule is not to encourage Medicare supplement insureds to switch coverage they are satisfied with, but rather to give them the right to do so should they ever need it. UnitedHealthcare supports this important consumer protection.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan MacLauchlan', with a horizontal line extending from the end of the signature.

Dan MacLauchlan
Compliance Officer
UnitedHealthcare Medicare Supplement Plans
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^[1] <https://www.ahip.org/new-study-nine-out-of-ten-seniors-value-their-medicare-supplemental-plan/>