

Delegate Kirill Reznik

HB 653

HGO committee

Chair Pendergrass and members of the HGO committee,

Thank you for the opportunity to present HB 653 - Medicare Supplement Policy Plans - Open Enrollment Period Following Birthday, otherwise known as the “birthday rule”. Simply put, what this bill does is allow Medicare enrollees who have supplemental or “Medigap” policies to switch to a different plan of equal or lesser coverage for a 30 day period after their birthday. They’re able to do so without having to undergo medical underwriting or waiting for the open enrollment period.

The main reasons for wanting to make such a switch are if you aren’t using all of the benefits in your plan and would like a cheaper one, or if you want to switch providers. Given the number of burdens, physically and financially, that those over 65 face, this is an easy step to take to lighten that load just a bit.

A bit of information about what Medigap policies are - to have one you must also have Medicare Parts A and B. You pay the private insurer a monthly premium for the Medigap policy, in addition to the monthly premium for part B. Medigap plans are different from Medicare Advantage Plans. Advantage plans are ways to get Medicare benefits in the first place, while a Medigap policy only supplements your original Medicare benefits. Medigap policies only cover one person, so a married couple would each need to have their own policy.

Standardized Medigap plans are guaranteed renewable, even if you have health problems, which means that the insurance company can’t cancel your policy as long as you pay the premium. This is where medical underwriting comes into play if you are looking to change your plan. Medical underwriting is the process of assessing the risk associated with providing health insurance coverage. It involves an examination and analysis of an individual’s medical information, determining how risky that individual is, and by that, how much they should have to pay for their plan. Insurance companies use this to determine whether to offer coverage, at what price, and with what exclusions or limits. Some of that has been altered since the passage of the ACA, since you cannot be denied coverage on the basis of pre-existing conditions, but you can still be charged higher premiums.

In Maryland, a Medicare Supplement insurance plan], also referred to as Medigap, can be used in combination with Original Medicare to cover out-of-pocket costs. These costs might include coinsurance, deductibles, and copayments for Part A, Part B, or a combination of the two. In addition, some Medigap plans might offer coverage for extended hospital stays, blood, or medical services rendered outside the U.S.

Massachusetts, New York, and Connecticut have guaranteed-issue plans available year round, while California and Oregon have a 30 day “birthday rule” window. My proposed plan would follow California and Oregon’s lead. In Maine, you can switch to any plan of same or lesser coverage at any time, and carriers must designate one month each year when Medigap Plan A is available on a guaranteed-issue basis.

As stated in the fiscal note, MIA advises that there are approximately 59 Medicare supplement carriers approved in Maryland, with most carriers offering 5-10 types of supplement policy plans. As such, there is plenty of competition in the market and we do not anticipate any concerns that this will cause rates to increase. My office has been talking and working with UnitedHealthcare in the interim to ensure that we are doing this in a fair and responsible manner, and we feel that it will only have positive effects for Marylanders. MIA believes they would be able to handle the review of forms within their existing budgetary resources.