

Kimberly Y. Robinson, Esq.
Regulatory & State Government Affairs Director



March 3, 2021

The Honorable Delores Kelley, Chair
Finance Committee
Senate of Maryland

Routing B6LPA
900 Cottage Grove Road
Hartford, CT 06152
Telephone 860.907.6396
Kimberly.Robinson@Cigna.com

Submitted electronically

Re: Opposition to Senate Bill 682- Insurance - Medicare Supplement Policy Plans - Open Enrollment Period Following Birthday

Dear Chairwoman Kelley:

Thank you for the opportunity to share Cigna's opposition to Senate Bill 682- Insurance - Medicare Supplement Policy Plans - Open Enrollment Period Following Birthday. Cigna appreciates the bill's intent, but believes the bill will have an unintended consequence of higher premiums for Medicare Supplement purchasers in the state. ***We respectfully offer these comments for your consideration and request an unfavorable report.***

Medicare Supplement is health insurance sold by private insurance companies to fill the "gaps" in Original Medicare Plan coverage. Often referred to as Medigap, Medicare Supplement policies pay some of the health care costs that the Original Medicare Plan doesn't cover, such as copayments, coinsurance and deductibles, or some services Original Medicare does not cover, such as medical care when you travel outside of the United States.

Currently, Marylanders are generally eligible to purchase any Medicare Supplement policy offered in the state during an initial six-month open enrollment period at 65 or older and when first enrolled in Medicare Part B. During the Medicare Supplement open enrollment period, the enrollee has guaranteed-issue rights (cannot be turned down because of pre-existing conditions or health problems) and cannot be charged higher premiums based on health or require medical underwriting.

Outside of the original enrollment period, there are some specific triggers that allow guaranteed issue access to a Medicare Supplement policies. Otherwise, Medicare Supplement insurance companies can require medical underwriting or take health status into consideration when reviewing the application; premiums with the new plan can be higher or the application

"Cigna" is a registered service mark, and the "Tree of Life" logo is a service mark, of Cigna Intellectual Property, Inc., licensed for use by Cigna Corporation and its operating subsidiaries. All products and services are provided by or through such operating subsidiaries and not by Cigna Corporation. Such operating subsidiaries include Connecticut General Life Insurance Company, Cigna Health and Life Insurance Company, and HMO or service company subsidiaries of Cigna Health Corporation and Cigna Dental Health, Inc.

can be rejected altogether. These plan requirements help guard against adverse selection and enhance risk pool stability. The result is effective plan offerings at reasonable premium rates. Not unlike other insurance products, in order to manage premium costs eligible purchasers should not wait until they need the product to enroll. This delay drives up cost for all purchasers. If Maryland were to pass SB 682, allowing an annual open enrollment with guaranteed-issue, the risk profile of the group will be altered. This will result in higher premiums. This fact was noted in a recent Kaiser Family Foundation report, *Medigap Enrollment and Consumer Protections Vary Across States*, where the authors note, "broader guaranteed issue policies could result in some beneficiaries waiting until they have a serious health problem before purchasing Medigap coverage, which would likely increase premiums for all Medigap policyholders."

Our experience in Oregon, which has a similar law, bears this out. The guaranteed issue open enrollment period has caused a shift in the market for carriers who sell individual Medicare Supplement policies which has produced higher premium costs to consumers. While we understand the sponsor's desire to enhance access to these policies, we believe that SB 682 would create a harm to consumers in need of Medicare Supplement benefits who are often price sensitive, living on fixed incomes and need for premiums to remain within reach. We believe the state should look at other ways to address the proponent's concerns that does not result in financial implications to Maryland consumers.

Thank you for your time and consideration of these comments on SB 682. We urge the committee to give the bill an unfavorable report.

Sincerely,

Kimberly Y. Robinson

Kimberly Y. Robinson, Esq.
Director, Regulatory and State Government Affairs