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**HB 247 Insurance — Medicare Supplement Policy Plans — Open Enrollment Period  
Following Birthday  
Senate Finance Committee  
FAVORABLE  
March 24, 2022**

Good afternoon, Chair Kelley and members of the Senate Finance Committee. I am Jim Gutman, a Howard County resident and member of the Executive Council and lead health advocacy volunteer for AARP Maryland. Before my retirement, for 25 years, I edited, published and for 10 years owned subscription regulatory and financial newsletters about U.S. health care, including several Medicare-related ones. I am here today representing AARP Maryland and its 850,000 members in support of HB 247. We thank Delegate Reznik and many others for sponsoring this important piece of legislation and the Senate Finance Committee for considering it.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people aged 50 and above, strengthens communities and fights for the issues that matter most to families, such as health care, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

Medicare supplement (also known as Medigap) plans are an important part of the comprehensive health coverage our seniors need. These state-regulated plans pay for portions of eligible Medicare expenses that otherwise would be borne by beneficiaries themselves, but the premiums usually go up rapidly with age, and people who have significant underlying conditions often wind up essentially trapped in their current plans. The reason for this relates to Medicare rules. Medicare recipients have an initial six-month enrollment period starting the first month they have Medicare Part B coverage, which pays for outpatient services, and are age 65 or older. In that initial period, Medigap plans must accept you, and there customarily are good options and prices.

After the initial period, if a Medigap beneficiary wants to switch to another carrier even in the same standardized plan type, meaning having the same plan-letter designation, that person is often in big trouble. This is because other plans do not have to accept you. If they do accept you, they can subject the beneficiary to insurance underwriting and charge much higher premiums based on that. And there now basically is nothing beneficiaries can do about it.

This is the case for my wife and me. We both have had an extensive-coverage Medigap plan for multiple years with Mutual of Omaha. But during the past two years, I have had premium hikes of 13.5% and 17.2%, respectively, leading to a current three-month premium of \$633.14 that will go up 17.17% to \$741.84 when my renewal year starts in May shortly after my birthday. This is even though I've had relatively few and minor claims during my nearly five years with the plan.

The insurers can do it because the rates they file with the state insurance administration are not based on individual experience, with new rates generally taking effect shortly after the beneficiary's birthday. Similarly my wife, who is six years younger than me and has had the same plan with Mutual of Omaha since she reached Medicare age, has three-month premiums in the plan year that began March 1, shortly after her birthday, of \$432.08, up 10.9% from the prior year, which also was up by a double-digit percentage from the previous plan year.

Since both my wife and I have pre-existing conditions, which is normal for people in our age groups, we would have to go through underwriting if we tried to switch plans. My wife's pre-existing conditions are more significant than mine, but we both would be at risk of not even being offered alternate Medigap coverage, especially since I will be 74 years old this week.

HB 247 would give important help to financially stressed seniors who have Medigap plans. And it would do so in a way that should not pose significant financial problems for the insurers. Beneficiaries would have just a single 30-day period following their birthdays each year to purchase other Medigap plans without having to go through underwriting. The risk for the insurers is limited since beneficiaries could not use that period to move up to a more comprehensive plan than they have now. There would be real benefit for the policyholders since plans couldn't refuse to cover these people because of their health status or claims experience. Insurers also could not reduce coverage to those beneficiaries in any particular-letter Medigap plan based on these factors.

The result would be that Medigap beneficiaries, most of whom have very limited and fixed incomes, would have an option to "shop" for other plans and not be, in effect, prisoners of their current plans as they are now.

AARP believes that policy makers should keep Medigap insurance affordable and available. The overall AARP policy calls for requiring pure community rating and prohibiting insurers from varying Medigap premium levels and premium rate hikes for different individuals. While this bill would not do all of that, HB 247 would help a very large number of Maryland residents on Medicare.

For all these reasons AARP Maryland requests that the Senate Finance Committee give a favorable report to HB 247. Thanks very much for your time and consideration. If you have questions, please contact Tammy Bresnahan at [tbresnahan@aarp.org](mailto:tbresnahan@aarp.org) or by calling her at 410-302-8451.