

Testimony by Jacob McGeoy

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I am providing my testimony regarding my favorable stance on SB0956. I have been an independent insurance agent for over 15 years and my primary focus has been on Medicare lines including Medicare supplement and Medicare Advantage. I have recruited, trained and managed hundreds of agents in Maryland and abroad throughout my time in this industry.

The “Birthday Rule” law that was passed and enacted in 2023 has been largely beneficial to Maryland seniors but it did not take long for the Insurance carriers to adjust and effectively ensure that insurance agents would be unable to help their clients take advantage of their new right. The Birthday rule requires that the policy be accepted on a “Guaranteed Issue” basis (without underwriting) and insurance carriers currently pay little to nothing on this type of application in Maryland.

Agents earn about \$35 a month on average per member per month in commission on medicare supplement plans for the first 6 years they are insured if the client is enrolled when they first started medicare (no underwriting required) or if the client went through underwriting to begin their coverage. If an agent helps their client to use the birthday rule and obtain a lower cost on their plan (because they are unable to pass underwriting) with the current landscape, they will no longer receive \$35 a month but instead earn \$25 one time only.

This effectively means that any broker using the birthday rule to help an existing client will permanently lose the income on that client. It also means that there is no incentive to write any new medicare supplement plans because in a very short period of time the client will have incentive to leave the plan they are on and choose a new insurance plan with a lower rate.

As of 3/1/25 we are down to one insurance company that will pay the standard commission rate for an application submitted using this birthday rule to avoid the underwriting requirement. This company was already the lowest paying carrier in the state (\$20/member/month) and one with some of the highest rates, so it is unlikely that it would ever be one that is used to lower a consumers monthly premiums.

Insurance agents who service seniors on medicare supplements typically spend time with those clients each year to help them navigate their medicare part D (drug) plans as well as they are very confusing and hard to shop. This service has always been more or less un-

compensated, and especially after the IRA passage and effective changes on part D this past Annual Enrollment period.

Furthermore, the only health insurance product that would remain as a “compensated” plan that agents could promote would be Medicare Advantage plans. While I am not “against” Medicare Advantage plans as an option for clients, they are certainly not the best option for everyone and do have more financial risks for the client. Most insurance companies that sell Advantage plans have the opportunity to make more profit from advantage plans than Medicare supplements, so this situation works in their favor.

If something is not done to change the law in Maryland regarding the Birthday rule and the compensation of Guaranteed Issue medicare supplements, the only insurance agents that remain will only be selling Medicare Advantage plans regardless of the clients needs.

SB0956 would be of huge benefit to all Maryland seniors because it will allow them to continue to get the service from their agents on their medicare supplement policies as well as their part D plans and allow those agents to do what is best for the client without financial incentive to promote other products which may be more financially risky.

Thank you

Jacob McGeoy

2/24/25

A handwritten signature in black ink, appearing to read 'Jacob McGeoy', with a stylized, cursive-like flow.