



**Senate Bill 956**  
**Health Insurance-Medicare Supplement Policies-Broker Commission**  
**Position: Informational Only**

Dear Chair Beidle and Members of the Senate Finance Committee,

NAIFA-MD (“The National Association of Insurance and Financial Advisors – Maryland Chapter”) appreciates the opportunity to submit testimony on SB 956. NAIFA-MD is made up of insurance agents and advisors, financial advisors and financial planners, investment advisors, broker/dealers, multiline agents, health insurance and employee benefits specialists, and more. We are the closest to the consumer and provide products, services, and guidance that increase financial literacy in our society, protect their clients against life’s inherent risks, help hard-working Americans prepare for retirement, and create financial security and prosperity so their clients can leave a legacy for future generations.

NAIFA-MD’s membership has reviewed this legislation at great length and given the differing points of view, we have decided to provide this informational testimony for the Committee’s consideration.

Since the Maryland legislature passed the bill to allow individuals with a Medicare Supplement (MedSupp) policy to switch to another MedSupp plan on a guaranteed issue basis within 30 days after one’s birthday, many people have taken advantage of the new law. There is a significant discrepancy in commissions paid to health insurance producers. Although it varies by carrier, an example of one carrier’s payment scale is \$25 under the birthday rule vs. \$300 for open enrollment.

One of our members thinks that this is fair because of the exorbitant amount of time it takes to help someone select the right plan through open enrollment versus under the birthday rule. Others are in favor of the legislation because a producer should be compensated fairly, regardless of placing coverage under the birthday rule or during open enrollment. One member is concerned that passage of this bill would invite certain out of state companies who only target market seniors under the birthday rule. The thought being to make a quick buck on a volume basis. Others felt that Maryland’s market is robust and this will not be a significant issue.

A concern was raised that the net effect of this legislation is payment of commissions under open enrollment would be reduced significantly which denies proper compensation for the amount of time it takes to properly advise someone of the proper Medsupp plan to select at the outset. Not everyone agreed this was a legitimate concern, however.

Given the varying points of view, the legislature might consider studying the possible impacts of such legislation.