



March 25, 2025

The Honorable Joseline Pena-Melnyk
Chair, Health & Government Operations Committee
241 Taylor House Office Building
6 Bladen St
Annapolis, MD 21401

Re: SB956 - Health Insurance – Medicare Supplement Policies – Broker Commission

Position: Support

Dear Delegate Pena-Melnyk and Members of the Committee,

I am writing to request your support of SB956. As an introduction, I am a Maryland licensed insurance producer, and president of Covenant Financial Strategies, Inc., a Maryland licensed insurance firm. I have been in the insurance industry for 32 years, and have been in the Medicare market for approximately 29 of those years. I am an independent insurance broker, and therefore contract with a variety of insurance carriers in order to provide products that serve the best interest of my clients. I am also a long-term member of the National Association of Insurance & Financial Advisors-Maryland (NAIFA-MD) and the National Association of Benefits & Insurance Professionals-Maryland (NABIP-MD). Serving the insurance, investment, and financial planning needs of my clients is my full-time career.

Here are some key points pertinent to SB956:

- Based on latest estimates, approximately 300,000 Marylanders enrolled in Medicare own a Medicare Supplement insurance policy, also called MediGap.
- Medicare-eligible consumers purchase Medicare Supplement policies as opposed to enrolling in a Medicare Advantage (MA) plan for reasons such as:
 - Access to any Medicare doctor anywhere in the country vs. access only to doctors contracted by the MA plan;

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- Minimal out-of-pocket expenses on the most popular MediGap policies, albeit with annually increasing monthly premiums vs. copays and coinsurance for everything up to an ever increasing annual out-of-pocket maximum as high as \$9,350 per person (2025 value) with MA plans, albeit with much lower and more stable monthly premiums; and
- Substantially less restrictions imposed by Medicare over their doctors and other care providers with MediGap policies vs. aggressive managed care overseen by a Medical Director with MA plans.
- Unlike MA plans, MediGap plans do not have an annual open enrollment period under federal law.
- To address the problem of Maryland consumers trapped in MediGap policies which became disproportionately overpriced as they grew older, Maryland passed HB247 – Medicare Supplement Policy Plans – Open Enrollment Period Following Birthday (a.k.a. “the birthday rule”) in 2022.
- As a result of HB247, since July 1, 2023, Maryland MediGap policyholders can shop currently-offered MediGap policies for the same or lesser benefits as their existing policy, on their birthday and the 30 days that follow, not subject to medical underwriting, and the replacement policy will be issued at the carrier’s best rate (as applicable for the individual’s age and gender).
- My personal experience with helping clients as a result of HB247 include these examples:
 - Female, age 79. Was paying \$314.73 per month to a carrier that had stopped issuing new policies in Maryland in 2020. She was moved to another carrier under the birthday rule, kept her same coverage (Plan G), and her new premiums became \$185.23 per month.
 - Female, age 79. Was paying \$387.23 per month to a carrier that had stopped issuing new policies in Maryland in 2020. She was moved to another carrier under the birthday rule, kept the same coverage (Plan G), and her new premiums became \$207.19 per month.
 - Female, age 80. Was paying \$413.05 per month to a carrier that had stopped issuing new policies in Maryland in 2020. She was moved to another carrier under the birthday rule, reduced her coverage (Plan G to Plan N), and her new premiums became \$193.80 per month.
 - Female, age 92. Was paying \$643.83 per month to a carrier that had stopped issuing new policies in Maryland prior to 2019 (exact year unknown). Applied to another carrier using a medically underwritten application and was approved, but at substandard rates. She reduced her coverage (Plan F to Plan G), and her

new premiums became \$511.97. Upon her birthday in April, she will be able to apply to further reduce her premiums down to \$315.62.

Why is SB956 so important to the 300,000 Marylanders that have a Medicare Supplement policy?

- The largest carriers in the Medicare Supplement market, which therefore generally have the most stable rates over the long term, all pay substantially reduced commissions (on average about 90% less) to insurance professionals for placing these “birthday rule” replacement policies with them. One of these carriers actually pays \$0 to brokers for such policies.
- Many of these carriers reduced commissions for Maryland policies for “guaranteed issue” business such as the Maryland “birthday rule” as a result of HB247.
- There are a substantial number of Marylanders that can benefit from changing policies as provided for under the Maryland “birthday rule”.
- The need will be ongoing as insurance carriers change their rating methodologies based on factors such as their claims experience and their desire (or lack thereof) to remain competitive in this market.
- While many of us are charitably-minded, the reality is that insurance professionals simply cannot provide our services to this volume of consumers while receiving only 10% or less of our regular compensation.

In closing, I again request your support for SB956. The passage of this bill will allow the broker community to continue to provide education, expertise, and assistance to the Medicare recipients of Maryland in this critically important area during the time of their lives where maintaining comprehensive health coverage as competitively as possible is so critically important.

Respectfully,



Brad Mainster, ChFC, RHU, CKA
President
Senior Wealth Advisor