

April 10, 2025

The Honorable Susan Donovan, Chair, House Committee on Health and Human Services

Via email to: HouseHealthandHumanServices@rilegislature.gov

RE: House Bills 5431, 5494, and 5499, Acts Relating to Insurance (Medicare Supplement policies)

Dear Chairwoman Donovan and Members of the Committee:

On behalf of Blue Cross & Blue Shield of Rhode Island (Blue Cross), I would like to share concerns with these proposals relating to insurance policies that supplement Medicare coverage.

By way of background, people generally become eligible for Medicare once they reach age 65, and those who enroll in traditional Medicare may opt to purchase a “Supplement” plan to cover the cost sharing under “traditional” Medicare. Alternatively, a person can purchase a Medicare Advantage plan. Medicare Supplement plans also known as “Medigap” plans, vary according to federally defined parameters and are designated with lettering (for example, Plan A and Plan G).

In recent years, the Assembly granted additional eligibility and enrollment rights:

- In 2022, it expanded eligibility for Medicare supplement Plan A (with no medical underwriting) to individuals under 65 with disabilities or end-stage renal disease, and it made all plans subject to rate review by the Office of the Health Insurance Commissioner (OHIC).¹
- In 2023, it required an annual enrollment period of at least one month, for Plan A, with no medical underwriting.²

As currently drafted, these proposals risk destabilizing the prices for products many seniors depend on for coverage. The legislation would require insurers to provide guaranteed enrollment in all Medicare Supplement plans. The bills would remove provisions that are integral to balancing eligibility, enrollment rights, and rating rules with the affordability of the plans. This would result in “adverse selection,” which is when people can wait to buy richer plans until they need them.

Adverse selection is particularly problematic for the Medicare Supplement market given the high utilization patterns. As seniors age, their medical needs increase. Allowing a person to wait until they need services before they purchase coverage raises costs for everyone. It’s especially unfair to seniors who enrolled in richer plans when they were first eligible and who have been paying their premiums all along.

Rhode Island’s current rules have resulted in residents having more affordable plans – and a higher rate of Traditional Medicare enrollees who also purchase a Medicare supplement plan – than in neighboring states that have adopted the unlimited plan-switching options proposed in these Rhode Island bills:

¹ [Public Law 2022, Chapter 394](#) (27-18.2-3(g) and 27-18.2-3.1)

² [Public Law 2023, Chapter 380](#) (27-18.2-3(h) and (h)(1))

Location	Plan G Premium ³	Percent of Traditional Medicare enrollees with Med Supp coverage ⁴
National	\$140.78	41.3%
Rhode Island	\$138	43.8%
Massachusetts	\$182	35.8%
Connecticut	\$220	43.7%
New York	\$298	24.6%

Rhode Island's healthcare providers benefit from these higher rates of enrollment in Medicare Supplement plans as well. Conversely, lower enrollment rates, like those seen in other states, would mean less insurance coverage for the services provided. Practitioners in those states need to seek cost-sharing payments from their patients more often.

Premiums would be increased by the change in the rating rule to "community rating" (as included in Bills 5494 and 5499). The change would prohibit existing price discounts that incentivize enrollment of relatively lower-cost members. As further provided in HB 5494, offering enrollees an option to retain, or to be "grandfathered" in, their existing rating pool effectively creates two sets of prices. This would add confusion and additional adverse selection, and is not sustainable at the current prices given the population in these plans.

Blue Cross recognizes the policy challenges of balancing expanded opportunities to buy more expansive Medicare Supplement plans with the impacts that would have on affordability of Medicare Supplement coverage for everyone. We appreciate your consideration of these concerns and remain open to working with the sponsors, this Committee, and the Office of the Health Insurance Commissioner on the sustainability of Medicare Supplement coverage in Rhode Island.

Sincerely


Richard Glucksmann
Assistant General Counsel

³ Analysis performed using one zip code per state on [Medicare Plan Finder](#); rates are impacted by both the cost of care in those jurisdictions and enrollees' utilization

⁴ [The State of Medicare Supplement Coverage, AHIP](#)