



Senate Fiscal Office

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## New Article: Relating to Medicare Supplement Insurance Policies

### Overview

- Requires insurance carriers to offer a Medicare supplement plan to all individuals eligible for Medicare, regardless of age and/or disability status.
- Federal law does not require insurance companies to sell Medigap policies to those under 65, but many states require insurers to offer this coverage to those under 65.
- The Budget does not assume any fiscal impact of the new article.

## Medicare Supplemental Insurance Plans

- Individuals under the age of 65 may qualify for Medicare with certain disabilities.
- Medicare out-of-pocket costs can be substantial and do not have an out-of-pocket maximum, causing many enrollees to use Medigap plans to supplement Medicare, which covers some or all out-of-pocket costs.
- In Rhode Island, there are more than 51,000 individuals who purchase this coverage.

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## Medicare Supplemental Insurance Plans

- Rhode Island has 56 Medigap insurance providers, but only one offers coverage to individuals under 65.
- Premium costs for these individuals are very high and have continued to see drastic increases over the last few years, up 25.0 percent from 2020 to 2021.
- The new budget article would require that any insurer offering Medigap coverage must also offer coverage to those under the age of 65, regardless of disability status.
- With the risk spread among multiple insurers instead of just one as it is currently, premium rates are expected to stabilize.

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## Medicare Supplemental Insurance Plans

- Rhode Island is one of 17 states without any requirement for insurers to cover Medigap policies to individuals under the age of 65.
- The Budget article would require Medigap insurers in Rhode Island to offer coverage to all Medicare enrollees regardless of health and/or disability status, age, claims history, or any pre-existing conditions.
- The article does not address premium costs but the expectation is that with more insurers, premiums will stabilize.