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Medigap Enrollment and Consumer Protections Vary Across States

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One in four people in traditional Medicare (25 percent) had private, supplemental health insurance in 2015—also known as Medigap—to help cover their Medicare deductibles and cost-sharing requirements, as well as protect themselves

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When does federal law not provide guaranteed issue protections for Medigap?

Medical Underwriting. Insurance companies that sell Medigap policies may refuse to sell a policy to an applicant with medical conditions, except under circumstances described above. The **Text Box** on this page provides examples of health conditions that may lead to the denial of Medigap policies, derived from underwriting manuals/guides from multiple insurance companies selling Medigap policies. Examples of conditions listed by insurers as reasons for policy denials include diabetes, heart disease, cancer, and being advised by a physician to have surgery, medical tests, treatments, or therapies.

Barriers for Beneficiaries Under Age 65 with Disabilities. Under federal law, Medigap insurers are not required to sell Medigap policies to the over 9 million Medicare beneficiaries who are under age of 65, many of whom qualify for Medicare based on a long-term disability. (However, when these beneficiaries turn age 65, federal law requires that they be eligible for the same six-month open enrollment period for Medigap that is available to new beneficiaries age 65 and older.)

Beneficiaries Choosing to Switch from Medicare Advantage to Traditional Medicare. There are no federal guarantee issue protections for individuals who choose to switch from a Medicare Advantage plan to traditional Medicare and apply for a Medigap policy, except under limited circumstances described in Table 2. I

purchase a Medigap policy later in life if their needs or priorities change. This constraint potentially affects the nearly 9 million beneficiaries in traditional Medicare with no supplemental coverage; it may also affect millions of Medicare Advantage plan enrollees wh24 0.(l)563ay incorrectly assume they will be able to purchase supplemental coverage if they choose to switch to traditional Medicare at some point during their (l)563any years on Medicare.

Only four states (CT, MA, NY, ME) require Medigap policies to be issued, either continuously or for one (l)563onth per year for all Medicare beneficiaries age 65 and older. Policy(l)563akers could consider a nu(l)563ber of other policy options to broaden access t24 0.Medigap. One approach could be to require *annual* Medigap open enroll(l)563ent periods, as is the case with Medicare Advantage and Part D plans, making4 0.Medigap available to all applicants without regard to medical history during this period. Another option would be t24 0.(l)563ake voluntary disenroll(l)563ent fro(l)563 a Medicare Advantage plan a qualifying event with guaranteed issue. rights for Medigap, recognizing the presence of beneficiaries' previous "creditable" coverage. For. Medicare beneficiaries younger than age 65, policy(l)563akers could consider adopting federal guaranteed. issue.protections, building4 0.on rules already established by the majority of states.

On the one hand, these expanded guaranteed issue protections would increase beneficiaries' access to Medigap, especially for people with pre-existing medical conditions. They would also treat Medigap. similarly to Medicare Advantage in this regard, and (l)563ake it easier for older adults to switch between Medicare Advantage and traditional Medicare if their Medicare Advantage plan is not serving their needs in later life. On the other hand, broader guaranteed issue.policies could result in some beneficiaries waiting until they have a serious health problem before purchasing4 0.Medigap coverage, which would likely increase premiu(l)563s for all Medigap policyholders. A different approach altogether would be to minimize the need for supplement

Endnotes

J. Huang, G. Jacobson, T. Neuman, K. Desmond, and T. Rice "Medigap: Spotlight on Enrollment, Premiums, and Recent Trend" The Kaiser Family Foundation, April 2013. https://kaiserfamilyfoundation.files.wordpress.com/2013/04/8412-2.pdf

"The Omnibus Budget Reconciliation Act of 1990 (OBRA-90)," HR 5835, Public Law No: 101-508, November 1990. Available at: https://www.congress.gov/bill/101st-congress/house-bill/5835.

The share of beneficiaries with Plan C and F is expected to decline in the future due to a change in law that prohibits insurers from issuing *new* policies that cover the full Part B deductible, as Plans C and F currently cover. Existing C and F policies will be grandfathered and therefore, renewable by current policyholders, but not sold to new purchasers. "Medicare Access and CHIP reauthorization Act of 2015 (MACRA)," HR 2, Public Law No: 114-10, April 2015. Available at: https://www.congress.gov/bill/114th-congress/house-bill/2/text.

Jacobson, G, Damico A, Neuman T, and Gold M. "Medicare Advantage 2017 Spotlight: Enrollment Market Update," Kaiser Family Foundation, June 2017. Available at: https://www.kff.org/medicare/issue-brief/medicare-advantage-2017-spotlight-enrollment-market-update/

Pre-existing conditions apply to conditions for which medical advice was given or treatment received within a "look