February 14, 2013
Testimony to the House Insurance Committee on SB61

Good morning Chairman Lund and committee members, thank you for this opportunity to give testimony. My name is Ruth Linnemann; I am the Advocacy and Programs Director for the National Multiple Sclerosis Society, Michigan Chapter.

People with multiple sclerosis are among the 334,000 Michigan residents under the age of 65 receiving Social Security disability benefits. These people have a medical condition developed in their adult life that makes it impossible for them to work – cancer, lupus, kidney disease, arthritis are examples along with MS . Their average age at the time they become disabled is 49. Their disability benefit averages $1200 monthly, as established by their work record & salary history. These individuals have an incurable disease that lasts a lifetime and the associated on-going medical costs. Two years after they begin receiving Social Security Disability these individuals become eligible for Medicare.

People with disabilities need to be able to manage their health care cost by having a standard monthly insurance premium expense. The 20% co-pays required by Medicare plus the complete lack of coverage for medical equipment can cost some people with MS or other disabilities hundreds, and sometime thousands of dollars. Medigap supplement insurance is a very valuable option to provide protection from these high costs. A predictable monthly Medigap premium is greatly needed to manage the unpredictable cost of living with an incurable disease. People under age 65 need the state law to assure they have access to Medigap policies.

The Senate passed SB 61 provides a premium subsidy for senior Medigap policyholders that meet the financial need criteria that is to be established by the insurance commissioner. We ask that SB61 be amended to provide that premium subsidy to **any** Medicare eligible individual regardless of age that meet the financial criteria. People under 65 who already hold a Medigap policy could encounter a 50% increase effective immediately if SB61 Health Endowment Fund subsidies are limited to seniors.

When anyone turns 65 they are immediately eligible for Medicare. Federal law establishes that seniors can purchase a Medigap policy without exclude of pre-existing conditions during the first six months after they turn 65. This protection DOES NOT extend to people

when they begin Medicare coverage through Social Security Disability eligibility. Right now all insurance companies selling Medigap policies, other than BCBSM can reject applicants under age 65 based on pre-existing condition, even though the very reason they become a Medicare beneficiary is because they have a pre-existing condition.

SB61, as passed in the Senate makes it possible for all insurers, including Blue Cross Blue of Michigan to reject Medigap applications from people under 65 with pre-existing conditions. We ask that SB61 be amended to require Medigap policies be sold on a guaranteed issue, community rated basis. This is necessary for people with MS and other adult on-set diseases who become eligible for Medicare due to disability after the law passes to have access Medigap policies.

MS and most other disabling autoimmune diseases are diagnosed in mid-life when people have saved for retirement and emergencies. If the state eliminates the requirement that BCBSM must guarantee issue Medigap coverage, people with disabilities will quickly exhaust their savings and become eligible for Medicaid, at a much higher cost to the state.

In summary, people under age 65 on Medicare due to disability:

1) need to guaranteed access to Medigap supplemental insurance regardless of age or disability to manage high medical cost.

2) should be eligible for Medigap subsidies to the same degree seniors are eligible.

Michigan citizens with multiple sclerosis need you to keep our state's most vulnerable citizens at the forefront of your thoughts and actions.

Thank you.