

REMOVAL OF PART B DEDUCTIBLE FROM CERTAIN “MEDIGAP” INSURANCE PLANS

Phone: (517) 373-8080
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House Bill 6431 as introduced
Sponsor: Rep. Hank Vaupel
Committee: Health Policy
Complete to 11-27-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 6431 would amend Chapter 38 of the Insurance Code, which regulates Medicare supplemental—or “Medigap”—benefit plans, which are the health plans that allow individuals to cover expenses for various kinds of care not paid for by Medicare.

Medicare is regulated by the federal government under Title XVIII of the Social Security Act. Medicare supplemental policies and contracts, also known as Medigap policies, are also governed by that federal law.

The bill would provide that, beginning January 1, 2020, an insurer would no longer be required to offer standardized benefit plans C or F. If an insurer did make available any of the non-core benefits described in Section 3809a of the Code (including the Medicare Part A and Part B deductibles, skilled nursing facility care, or emergency care in a foreign country), the insurer would have to make a policy form or certificate form that contained either standardized benefit plans D or G available to each prospective Medicare supplement policyholder and certificate holder.

Currently, a Medigap benefit plan issued after June 1, 2010 falls under one of ten plans: A, B, C, D, F, G, K, L, M, and N. The bill would amend several of the Medigap plans as described below and incorporate those changes into four of the plans’ provisions—the Medigap plans currently known as C, D, F, and G.

A new Section 3811b of the Code would provide that benefit plan standards applicable to Medigap policies and certificates issued to individuals eligible before January 1, 2020 would remain subject to existing law. However, individuals who turned 65 on or after January 1, 2020 and those who qualified for Social Security or were deemed to qualify on or after January 1, 2020 would fall under a new provision (and those previously eligible could be offered the new benefit plans after January 1, 2020). Namely, existing plans would apply to those newly eligible for Medicare on or after January 1, 2020, with the following exceptions:

- Plan C would be redesignated as Plan D and would have to provide the benefits currently required under the basic core and post-2010 benefits for Plan C, as applicable, but could not cover any portion of the Medicare Part B deductible.
- Plan F would be redesignated as Plan G and would have to provide the benefits currently required under the basic core and post-2010 benefits for Plan F, as applicable, but could not cover any portion of the Medicare Part B deductible.

- Plan F with high deductible would be redesignated as Plan G with high deductible, and would have to provide the benefits currently required under the basic core and post-2010 benefits for Plan F, as applicable, but could not cover any portion of the Medicare Part B deductible. However, the Part B deductible paid by the beneficiary would be considered an out-of-pocket expense in meeting the annual high deductible. The deductible under this plan would be raised from \$1,860 to \$2,180, and benefits would not begin until the deductible had been reached. [Note: the deductible for Plan F with high deductible reflects a rise to \$2,180 on pg. 29 of the bill but remains at \$1,860 on pgs. 52 and 55.]

Under the bill, a policy or certificate could not cover the Medicare Part B deductible and could not be advertised or provided as a Medigap policy or certificate unless it complied with the changes described above.

The plans to be removed—Plans C, F, and F with high deductible—would be unavailable to individuals newly eligible for Medicare on or after January 1, 2020. Additionally, if an individual falling under one of those plans failed to renew the plan, the individual would not be eligible to return to it.

The bill would also revise the timeline for approval of Medigap advertising by the Medicaid director from 45 days to 30 days.

Finally, the bill would repeal Sections 3804 and 3808 of the Insurance Code.

It would take effect 90 days after enactment.

MCL 500.3801 et al.

FISCAL IMPACT:

The bill would have no fiscal impact on the state or local units of government.

Legislative Analyst: Jenny McInerney
Fiscal Analysts: Kevin Koorstra
Marcus Coffin

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