

April 10, 2025

Rhode Island State House
House Committee on Health and Human Services

Re: Testimony in Support of H-5494, Medicare Supplement Insurance Policies

Dear Chair Donovan and members of the House Committee on Health and Human Services:

RIPIN thanks the House Committee on Health and Human Services for the opportunity to submit this testimony in support of H-5494, which would expand access to Medicare Supplement plans, also known as Medigap plans, by creating an annual enrollment period for certain enrollees and requiring that plans begin using community rating for new enrollees. RIPIN supports action to improve access to Medicare Supplement plans, which offer predictable health care costs for a frequently high-needs population, and offers this testimony in support of the approach taken by H-5494 with some technical and substantive recommendations to improve the regulatory approach Rhode Island has taken to the Medicare Supplement market.

Medicare Supplement plans have been offered as supplementary coverage for Medicare enrollees for decades, as an option to “fill gaps” in Medicare. Medicare includes significant copays for hospital services and requires enrollees to pay 20% of the cost of outpatient services, and because Medicare enrollees must either be elderly or disabled, these costs can be high. Medicare Supplement plans can cover those costs in full, and Medicare and a Medicare Supplement plan together represent some of the most comprehensive health insurance coverage an American can obtain. This is particularly true in comparison to Medicare Advantage, which can come with significant out-of-pocket costs and restrictions on access to treatment imposed by commercial carriers offering the plan (despite advertising and “flashy” benefits like cash cards).

However, Medicare Supplement plans can have high monthly premiums and restrictive rules for enrollment. While Medicare enrollees over age 65 are guaranteed an opportunity to enroll into a Medicare Supplement plan during an initial enrollment period when they first enroll in Medicare, enrollees who decline to enroll at that time are subject to medical underwriting, where enrollees can be declined coverage or charged higher premiums based on their health conditions. Medicare enrollees under age 65 are required to be offered Plan A, the most restrictive Medicare Supplement plan, but are not required to be offered more comprehensive plans. Even when someone enrolls into a plan properly at age 65, they can be charged an increasing age-based surcharge every year, resulting in many Medicare Supplement enrollees dropping coverage due to cost.

H-5494 intends to resolve some of these challenges. It proposes an annual enrollment period for Medicare enrollees who have been in either a Medicare Advantage or another Medicare Supplement plan since their initial enrollment into Medicare. This would allow individuals who had chosen Medicare Advantage to shift into a potentially more valuable Medicare Supplement plan, and would allow existing Medicare Supplement enrollees to choose a better plan for them. RIPIN strongly supports this proposal. RIPIN has shared some technical comments with OHIC, particularly around the fact that the annual enrollment period as currently drafted does not align with the period during which Medicare Advantage enrollees are permitted to disenroll from their Medicare Advantage plan. RIPIN also encourages the inclusion of language that would allow individuals who were enrolled in Medicaid as secondary coverage but have since lost that Medicaid coverage to benefit from this annual enrollment period.

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H-5494 also prohibits the future use of issue-age rating (where enrollees are charged more if they enroll after age 65), attained-age rating (where enrollees are charged more based on their age regardless of when they enroll), and gender rating (where some enrollees are charged more based on their gender), and instead requires all plans use community rating. This would mean that all participants in a plan would pay the same monthly premium.

RIPIN supports efforts to make Medicare Supplement plans more accessible. Making Medicare Supplement premiums more predictable is a laudable goal. RIPIN encourages action that would not unduly increase premiums, making Medicare Supplement plans only available to enrollees whose income is sufficiently high to bear that monthly cost, and leaving lower- and middle-income enrollees limited to more restrictive plans, Original Medicare alone, or the Medicare Advantage market. RIPIN also shares concern that, while H-5494 includes language allowing Medicare enrollees under age 65 to shift between Plan A offered by different carriers during an annual enrollment period, it does not protect access to more comprehensive plans. RIPIN believes that disabled Medicare enrollees should have access to more comprehensive options than solely Plan A and encourages the use of rating rules that would protect both improved access for disabled enrollees and continued affordability for elderly enrollees. RIPIN looks forward to continuing to work with OHIC and the sponsors of this legislation to support an approach that accomplishes both of those needs.

Thank you for the opportunity to provide this testimony. RIPIN is a statewide nonprofit founded in 1991 by a group of parents of children with special healthcare needs. While RIPIN's roots are in serving children and families with special needs, RIPIN now serves all Rhode Islanders who might benefit from education, advocacy, and peer-to-peer support in navigating healthcare and education systems. RIPIN also operates Rhode Island's health insurance consumer assistance program, RIREACH, which helped several thousand Rhode Islanders save more than \$8 million in health care costs since 2018.

Sincerely,

/s/

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