Access to Medigap Coverage: Challenges for Under and Over Age 65

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Challenges younger Medicare beneficiaries face once they become eligible for Medicare and beneficiaries of all ages have faced when trying to leave an MA plan and access a Medigap plan.

Overview of federal requirements: December 2023 CMS update on adequacy guidance.

Best practices for states to expand access to Medigap, examples of what states are pursuing; and how states can assist consumers on these issues.
Access to Medigap Insurance for Medicare Beneficiaries:

Under Age 65
Access to Medigap Health Benefits

- No federal right to a Medigap until age 65
  - Discrimination based on age
    - At age 64 or younger (12% of Medicare population)
      - Disabled
      - With health conditions
  - Example of no discrimination based on age
    - Insured beneficiaries at age 80+
    - Protected by federal and state guaranteed issue events
    - Also likely to have existing health conditions
Medigap Access: State Variations

- Variations range from:
  - Same Medigap rights as age 65
  - Limited access
    - To certain Medigap plans
    - Higher premiums, some with certain limitations
  - Access through a state high risk pool
  - Some voluntary sales with health underwriting
    - In some states
  - No access until age 65 in some states

- Nationally:
  - Only 2% of younger beneficiaries have a Medigap
State Availability Of Medigaps

- **3 states**
  - All Medigaps available to all Medicare beneficiaries
  - Age and health pricing factors not permitted

- **5 states**
  - Same access as age 65
    - Premiums or other limitations exist

- **3 Medigap Waiver states**
  - Some Medigaps available
    - Some limitations exist
State Availability Of Medigaps

- **13 states and D.C.**
  - Have no requirements for younger than 65
    - 7 states provide access to the state high risk pool
      - 1 state issues Medigap through their high risk pool
      - Some voluntary sales with health underwriting occur

- **1 state**
  - Year round access with no health or age restrictions
What Can The NAIC Do?

- **Why are 3 states able to accept all risks?**
  - What is the Medigap experience in those states?
    - Premium costs
    - Medical/claims experience
    - Loss ratio experience
  - Comparison to other states?

- **NAIC could collect data to inform states and policymakers**
  - What is the impact of state rules on:
    1. Access to Medigap
       - Each population (age, gender, urban/rural)
    2. Medigap rates
       - All populations?
       - Over 65?
       - Younger beneficiaries only?
    3. Loss ratios
    4. State high risk pools
    5. Medicaid/duals (65+, -64)

  - **Insurer data**
    - Health underwriting in voluntary markets
    - Pricing data
Access to Medigap Insurance for Medicare Beneficiaries:
Over Age 65 and Outside the 6 Month Federal Consumer Protection Window
Snapshot: Medicare, Medicare Advantage, Supplemental Plans

• 2021 - 58 million people enrolled in both Medicare Part A and Part B, about half of all beneficiaries were covered under traditional Medicare (53%) and roughly half were enrolled in Medicare Advantage (MA) plans (47%) \(^1\)

Enrollment in MA is growing

• 2023 – Growth in MA Plans - 30.8 million people are enrolled in an MA plan, accounting for more than half, or 51 percent.\(^2\)
Snapshot: Medicare, Medicare Advantage, Supplemental Plans (cont.)

Supplemental Plans (from 2021)

- Traditional Medicare – 30.6 million people
  - Traditional Medicare + Medigap - 12.5M
  - Traditional Medicare + employer - 9.7M
  - Traditional Medicare + Medicaid - 5M
  - Traditional Medicare + other coverage
  - Traditional Medicare with no other coverage
Access to Medigap Health Benefits
Age 65 ½ +

• Federal Medigap Law Protects Patients for 6 Months

• There is a one-time, 6-month open enrollment period that begins when beneficiaries first enroll in Medicare Part B.

• During this time, there is guaranteed issued.
  
  • Medigap insurers cannot deny a Medigap policy to any applicant based on factors such as age, gender, health status, or pre-existing medical conditions.

• After this 6 month period, there is no federal protections. State laws decide consumer protections.
Access to Medigap Health Benefits
Age 65½ and Over
Outside Federal Medigap 6-Month Protections

• **States can go beyond the minimum federal standards for Medigap.**
  • 4 States (CT, MA, ME, NY) require either continuous or annual guaranteed issue protections for Medigap for all beneficiaries in traditional Medicare ages 65 and older, regardless of medical history.
  • 28 states require Medigap insurers to issue policies to eligible Medicare beneficiaries whose employer has changed their retiree health coverage benefits.
  • In other states, people may be denied a Medigap plan when they switch form an MA plan to traditional Medicare because they have a pre-existing condition.²
Medicare Advantage (MA): Challenges

- Provider Directory Inaccuracy
- Inadequate Provider and Facility Standards
- Prior Authorizations/Delay or Denial of Care
- 50% of beneficiaries leave their current plan within 5 years
- Beneficiaries feel Stuck
  - Changing MA Plans
  - No Medigap Options
Federal Guidance and Initiatives to Improve MA

• Network Adequacy Standards⁸ – New Guidance Updated December 2023
  • Dialysis Centers are still not included in MA network adequacy standards
• Prior Authorization Improvement Plan⁹ – Released January of 2024
  • Will go into affect in 2027
• U.S. Senate Finance Committee Hearings/Letters on Deceptive Marketing
Sources:

6. https://jamanetwork.com/journals/jama-health-forum/fullarticle/2808747
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