

Draft: 5/28/26

Senior Issues (B) Task Force
Virtual Meeting
May 21, 2026

The Senior Issues (B) Task Force met May 21, 2026. The following Task Force members participated: Ned Gaines, Chair, represented by Jack Childress (NV); Jon Godfread, Vice Chair, represented by Chrystal Bartuska (ND); Heather Carpenter represented by Sarah Bailey (AK); Ricardo Lara represented by Tyler McKinney (CA); Joshua Hershman represented by Eric Vieweg (CT); Trinidad Navarro represented by Jessica R. Luff (DE); Michael Yaworsky represented by Alexis Bakofsky (FL); Scott Saiki represented by Arlene Ige (HI); Doug Ommen represented by Andria Seip (IA); Dean L. Cameron represented by Shannon Hohl (ID); Ann Gillespie represented by Jeff Varga (IL); Holly W. Lambert represented by Kim Burdick (IN); Vicki Schmidt represented by Julie Holmes (KS); Sharon P. Clark represented by Stephanie Bowker (KY); Timothy J. Temple represented by Ron Henderson (LA); Michael T. Caljouw represented by Kate McCann (MA); Anita G. Fox represented by Renee Campbell (MI); Grace Arnold represented by T.J. Patton (MN); Angela L. Nelson represented by Camille Anderson-Weddle (MO); Mike Causey represented by Angela Hatchell (NC); Eric Dunning represented by Martin Swanson (NE); D.J. Bettencourt represented by Michelle Heaton and Roni Karnis (NH); Susan Ochs represented by Austin Hopkins (NJ); Judith L. French represented by Tynesia Dorsey (OH); Glen Mulready represented by Ray Walker (OK); TK Keen represented by Joshua Blakey (OR); Michael Humphreys (PA); Larry D. Deiter represented by Lisa Harmon (SD); Amanda Crawford represented by Rachel Bowden (TX); Jon Pike represented by Tanji J. Northrup (UT); Scott A. White represented by Julie Blauvelt (VA); Kaj Samsom represented by Sara Teachout (VT); Patty Kuderer represented by Amy Figoni (WA); Nathan Houdek represented by Darcy Paskey (WI); Allan L. McVey represented by Joylynn Fix (WV); and Jeff Rude represented by Tana Howard (WY). Also participating was: Pamela Stutch (ME).

1. Adopted its Spring National Meeting Minutes

Hohl made a motion, seconded by Swanson, to adopt the Task Force's March 24 minutes (*see NAIC Proceedings – Spring 2026, Senior Issues (B) Task Force*). The motion passed unanimously.

2. Discussed the State Medigap Birthday Rule

Patrick Fleming (AmeriLife) said Medicare supplement (Medigap) plans have no network requirements and allow members to access any provider accepting Medicare patients, unlike Medicare Advantage plans. He said Medigap plans, especially Plan G, provide comprehensive Medicare coverage, with no out-of-pocket expenses besides the annual premium and the Part B deductible. He said Medigap plans have predictable costs, and coverage is guaranteed renewable.

Fleming said the Medigap population grew steadily before 2020, with approximately 14.5 million members in 2019. However, growth has slowed considerably, with current membership at around 14.1 million members, compared to Medicare Advantage with about 35 million members.

Fleming said Medigap high loss ratios have steadily increased from 72% in 2020 to an all-time high of just over 85% in 2025, and carriers are in a negative margin position when loss ratios exceed 82%. He said several small to mid-size Medigap carriers have exited the market in the past few years, and multiple large carriers have shut down unprofitable blocks of business.

Fleming said nearly 20 states have rules on guaranteed issue, the birthday rule, or other time periods, resulting in higher rates, reduced compensation, and fewer carriers competing in those states. He said there is little

consistency between states regarding which plans the member can switch, the time period during which the Medigap member can switch plans on a guaranteed issue basis, and to which carrier the member can switch their coverage. He said the results of these rules have been larger rate increases and higher rates than other states and less carriers competing. He said states with the birthday rule have fewer carrier options and that rates increased at an outsized pace post-guaranteed issue adoption. He highlighted this in a chart comparing three states with the birthday rule to a “national view” of the top five states in volume without the rule.

Fleming said the birthday rule lives are displacing lower-loss-ratio underwritten, and open enrollment business, resulting in an estimated 10% to 20% increase in overall loss ratio. He said the birthday rule states have fewer carrier options, and rates increased at an outsized pace post-guaranteed issue adoption. He said pre-implementation of the birthday rule consisted of 49% open enrollment, 36% underwritten, and 5% guaranteed issue, resulting in a 90% weighted average loss ratio whereas post-implementation open enrollment dropped by 12 points to 37%, and underwritten business dropped by 12 points to 24%. He said the result is that birthday rule policies replaced those lost segments, taking up 25% of the total. He said the introduction of the birthday rule business caused the overall weighted average loss ratio to spike from 90% to just over 99%, and replacing healthier, medically underwritten lives with birthday rule lives leads to an estimated 10% to 20% increase in overall claims costs.

Dwane McFerrin (Med Solutions) said implementing the birthday rule creates significant market risks, but alternative policy solutions can help protect both carriers and consumers. He said allowing carriers to charge extra fees during guaranteed issue windows, modeled after Minnesota legislation, is an option. He said pairing High-Deductible Plan G (HDG) with a hospital indemnity plan or using separate policies or riders can cut consumer out-of-pocket expenses in half.

McFerrin said some states may restrict stand-alone hospital indemnity and ancillary product sales. However, packaging a hospital indemnity plan strictly with an HDG plan may be a solution, and this combined package offers a stable, budget-friendly third alternative to standard Plan G or Plan N. He said standard plans see regular rate increases, while ancillary products historically maintain stable pricing for budget-conscious consumers, and the lower-cost package provides crucial insurance choices in rural areas facing high standard rates and limited options. He said this strategy avoids returning to banned first-dollar coverage (like Plan F) because consumers still self-insure the high deductible, and it helps carriers stay competitive and manage risk in states with the birthday rule.

McFerrin said in response to a question from Texas about states like Louisiana and Illinois, which have stricter regulations regarding policy switching, stricter rules favor large, established insurance carriers because they hold massive existing customer bases. He said carriers struggle to compete with old, closed blocks of business because only the healthiest clients can qualify to leave, and unhealthy clients stay with old carriers because they can only move under guaranteed issue rules, which drives up costs. He said allowing premium surcharges during guaranteed issue periods—similar to Minnesota's policy—would help carriers price risk accurately and boost market competition. He said traditional Plan F and Plan G policies dominate the market, while newer options like HDG paired with hospital indemnity make up less than 10% of total sales.

Bartuska said North Dakota does not have the birthday rule. One reason she is interested in this issue is the old Medigap Plan F closed block, which has seen significant rate increases. Because no new business is entering those blocks, policyholders continue to age, and claims are expected to rise. She said that the birthday rule might not be a complete solution and asked what options are available for those closed blocks. She said all states are struggling with the same issue: determining how to address these closed blocks.

Fleming said closed insurance blocks face major issues from unmanageably high loss ratios, and states may want to look at improving oversight during initial and late filings to stabilize rates and protect remaining policyholders.

McFerrin said market pressure forces insurance carriers to offer unsustainably low introductory rates to attract new business. When states approve these underpriced filings, it disrupts the market, forces competitors to underprice, and inevitably triggers massive, unjustified premium hikes later.

Teachout asked whether it is possible to require risk rating across all lines of business within a state that would eliminate the gaming between closed blocks and offering new ones. She said the issue is risk across the entire marketplace, but risk within a carrier's book of business in each market. She said requiring carriers to rate across their entire book of business would remove the incentive to close one block down and open another one with younger, healthier policyholders.

McFerrin said that in states with community rating, relatively few people buy Medigap. He said that in New York, for example, the market is largely driven by Medicare Advantage, so when those rates are merged, Medigap can become unaffordable for many, which is the risk of community rating.

Walker asked if a state eliminates the birthday rules currently in place, what would prevent seniors from ending up in the same situation—trapped in a high premium plan with no alternative options. Bartuska said this goes back to her earlier question about Medigap Plan F and whether the birthday rule is necessary because these individuals are effectively stuck.

McFerrin said that is why he proposes the surcharge option that Minnesota has issued, and to allow a carrier to price for some of this anti-selection. Otherwise, carriers would exit the market, rate increases would continue, and, in the long term, the entire state would suffer.

Stutch asked how one can be certain that the large rate increases are due to the birthday rule rather than rising underlying medical costs. Bartuska said that is a good question because North Dakota does not have a birthday rule, and she has seen high increases. She said she believes underlying medical costs are a major factor and not just the birthday rule.

Fleming said requested rate actions of 10% to 30% vastly exceed actual medical inflation, and carriers intentionally low-ball initial rates to win market share, creating future instability. He said initial underpricing guarantees that consumers will face massive premium spikes later. He said carriers have a responsibility not to low-ball, but state insurance departments should verify rate adequacy to block artificially low filings.

McFerrin said delayed medical procedures and rising cancer claims continue to drive up Part B insurance costs. Combined with the regulatory impact of the birthday rule, these soaring claims create significant pressure that forces carriers to adopt highly conservative business strategies simply to survive.

Henderson said the current closed block of business faces limited competition, keeping existing customers insulated within their current company. He said that eliminating protections like the birthday rule forces consumers to switch to entirely new insurance companies. Transitioning to new insurers exposes individuals to medical underwriting rejections and higher premium costs, and new insurance companies have no financial incentive to compete for this specific, closed book of business.

McFerrin said maintaining the status quo will cause Medigap premiums to become unaffordable. Additionally, unchecked rate increases will reduce the number of people covered, damaging the overall market. He said if the birthday rule remains, insurance carriers need financial relief to offset high-risk enrollees. Allowing a temporary premium surcharge, similar to Minnesota's, helps insurers absorb adverse selection costs.

Fix asked if seniors understand what pairing a hospital indemnity plan with Plan G. Fleming said he thinks seniors understand what that means because that would be included in an explanation by the agent. He said they would still have Medigap coverage, although it would not be the same as an HDG plan. Because the plan has a high deductible, it can significantly reduce Medigap costs. He said a hospital indemnity plan can help cover part of the Plan A deductible that the high-deductible plan does not pay, along with some additional benefits. Overall, he said this approach offers a less expensive way to provide Medigap coverage while adding some extra protection to fill a portion of the remaining gaps.

McFerrin said it is awkward that the high-deductible Plan G is auto-adjudicated for claims and the hospital indemnity plan is not. He said that if a senior-specific hospital indemnity plan were introduced so that when the high-deductible Plan G pays, the hospital indemnity plan also pays, the claim could be auto-adjudicated within the carrier's system. He said this would eliminate separate claim filing and reduce confusion.

Fix said she appreciates the response and is curious what the consumer representatives think about this. Bartuska agreed and said that, whether in the ACA market right or the senior market, she is curious how that approach would work and how Medicare and Medigap would respond.

Childress said a few carriers did leave the market after the birthday rule was implemented. However, because almost all rate increases are determined based on national experience due to credibility issues, it is difficult to determine if the rate increases seen in Nevada are due to the birthday rule.

Bartuska agreed and said that, as a smaller and more rural state, another factor is the credibility of the data. Bonnie Burns (California Health Advocates—CHA) said hospital indemnity only addresses Part A costs, not Part B, and would only be helpful if one actually landed in the hospital. McFerrin said an innovative HI product could include, if approved by the state, lowering that exposure on the \$2,950 for the high-deductible Plan G. Fleming said it would only be available combined with that high-deductible plan.

Bartuska asked whether the Minnesota surcharge is in statute and if it is a flat surcharge across all consumers, such as the entire block, or applied to the one consumer who is going into that new plan. Fleming said it begins at 15% and goes up 5% annually to a cap, and it is for the individuals who choose to move into that plan during the open enrollment period in Minnesota. Bartuska said she has been told it is in statute.

Hohl said some interested groups believe the birthday rule is the problem. She said she would like the presenters to speak on the impact of Medicare Advantage plans leaving areas, the number of big groups of enrollees having those guaranteed issue rights move over to Medigap, and whether they see that as an impact, because while separate from the birthday rule, it does create an impact on the Medigap market when it happens.

McFerrin said that the birthday rule is one factor, but the Medicare Advantage market is also in its third year of contraction, particularly with the loss of preferred provider organizations (PPOs). He said litigation over prior authorization is added pressure on Medicare Advantage carriers, narrowing margins and contributing to carrier exits across the country. He said United HealthCare (UHC) announced this week that it plans additional exits next year, which would mark a fourth year of contraction. Fleming said one of the slides presented showed the typical loss ratio for guaranteed issue business and that it has a significant negative effect on Medigap blocks in those situations.

Burns said she encourages the Task Force to continue meeting on this topic.

Having no further business, the Senior Issues (B) Task Force adjourned.