

March 29, 2022

Dear Chair Lippert and Members of the House Health Care Committee,

Blue Cross and Blue Shield of Vermont supports the Senate Finance version of S.239 requiring a Department of Financial Regulation (DFR) study to examine ways to better educate Vermonters about secondary Medicare coverage options available to them, and possible safeguards for those who miss the important Medicare deadlines outlined in Federal rules/law, but we oppose encouraging adverse selection through an annual open enrollment window.

Allowing an annual open enrollment period in Medicare Supplement plans hurts the Vermonters who have been paying their premiums since they turned 65 by significantly raising the cost of their Medicaid Supplement plans and it undermines the federal policy of encouraging Medicare-eligible people to buy these policies early. The federal policy is followed in a majority of states and limits adverse selection. At first glance, the Health Care Advocate's original proposal to allow an annual open enrollment window appears to add consumer protections and choice, but when we look at the numbers, it is clear that this would significantly increase older Vermonters' retirement healthcare costs and significantly penalize those who enrolled early.

Federal regulations require that the decision to purchase Medicare Supplement plans must be made within 6 months of turning 65 or when a person has a qualifying event, such as retirement, losing employer health coverage, or if your insurer leaves the market, for example. Purchasers who miss the enrollment window have more limited options, with higher premiums. As in any insurance pool, higher risk and less long-term funding are significantly more expensive. A handful of states, mostly in New England, allow either annual or continuous open enrollment but many of these policies are paired with additional restrictive regulations such as limiting transfers to plans of equal or lesser value and prohibiting transfers from Medicare Advantage plans.<sup>1</sup>

While this may seem harsh to those who miss the deadline or decide to switch plans later on, this requirement is a major factor in controlling the premium costs for Medicare Supplement plans for the entire population. If people wait until they are sick or anticipate significant healthcare needs to purchase coverage, they aren't contributing to the pool over the long term. If allowed, this choice will come at a steep cost – a monthly premium increase of 50-100% for everyone. This change in the original version of S.262 eliminates the incentive to buy early and penalizes those who purchase their plans

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<sup>1</sup> [Consumer's Guide to Medicare Supplement Insurance](#), Maine Department of Professional and Financial Regulation

immediately for the benefit of the people who wait. This policy will end up hurting the lowest income older Vermonters the most, as the price of Medicare premiums is a significant part of their monthly income. The impact of this policy decision is clear when you compare the prices of plans where the different rules are in place.

Blue Cross and Blue Shield of Vermont currently offers [Medicare supplement plans](#) under both sets of rules: Vermont Medigap Blue plans follow the federal enrollment window; while Vermont Blue 65 allows continuous enrollment at any time because of our longstanding role as the local, non-profit safety-net insurer.

**Blue Cross and Blue Shield of Vermont Medicare Supplement Plan Comparison**

<b>2022 Plans</b>	<b>A</b>	<b>C</b>	<b>D</b>	<b>F</b>	<b>G</b>
Vermont Medigap Blue	150.99	183.51	165.72	183.88	152.33
Vermont Blue 65	189.88	286.24	268.38	286.77	268.91
difference	25.8%	56.0%	61.9%	56.8%	76.5%

These are identical plan designs, in the same marketplace with the same networks, administration and operations. The higher premium is entirely due to the different enrollment rules.

Similar premium differences are apparent when comparing the prices in Vermont with New Hampshire and Rhode Island retaining the six-month enrollment window—and consequently lower prices—compared to states that have enabled late enrollment with no penalty like New York, Maine and Connecticut. (Massachusetts uses state-specific plan designs and is therefore not directly comparable.) The states that allow enrollments outside of the federal window, encouraging adverse selection, all have higher premiums. (see chart on the next page)

### State Medicare Supplement Premium Comparisons

State and link to rate source	Plan G Premium, female non-smoker			Adverse Selection (continuous or annual enrollment)	Community Rating
	65-year-old	75-year-old	80-year-old		
Vermont	\$145-\$325	\$145-\$325	\$145-\$325	No	Yes
<a href="#">New York[1]</a>	\$226-\$533	\$226-\$533	\$226-\$533	Yes	Yes
<a href="#">Maine[1]</a>	\$200-\$372	\$200-\$372	\$200-\$372	Yes	Yes
<a href="#">Connecticut[2]</a>	\$191-\$618	\$191-\$618	\$191-\$618	Yes	Yes
<a href="#">New Hampshire</a>	\$113-\$302	\$174-\$425	\$202-\$458	No	No
<a href="#">Rhode Island</a>	\$106-\$337	\$148-\$348	\$178-\$419	No	No

[1] continuous enrollment [2] annual enrollment

If the goal is to encourage more Vermonters to enroll in secondary coverage, let's focus on proposals that will help enroll that population, without increasing prices and harming the entire population of older Vermonters who are on fixed incomes while attempting to address this gap.

Before changing the enrollment rules, we must consider whether the financial consequences are worth the adverse impact on affordability for everyone in the Medicare marketplace in favor of the few who miss the deadline—whose costs will still be elevated by this proposal. That is simply poor public policy. Rather than increasing the cost for everyone, Vermont could invest in education help people better understand their healthcare options more fully from the outset. Asking DFR to undergo an unbiased study that would outline the lesser, equal and richer retirement plan options available would offer Vermonters more clarity and more confidence in their health plan options *before* making sweeping legislative changes that would adversely impact the premiums for everyone.

Thank you for considering these serious concerns,

Sara Teachout  
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 Blue Cross and Blue Shield of Vermont