
OLR Bill Analysis

SB 938

AN ACT CONCERNING THE PURCHASE OF MEDICARE SUPPLEMENT POLICIES BY QUALIFIED MEDICARE BENEFICIARIES.

SUMMARY:

This bill allows insurers and other entities to deliver or issue certain Medicare supplement policies to Qualified Medicare Beneficiaries (QMBs), to the extent federal law allows. Federal law appears to prohibit this (see COMMENT).

The bill applies to each insurer, fraternal benefit society, hospital or medical service corporation, and HMO that issues policies or certificates for Medicare supplement plans A, B, or C, or any combination of them.

Under the QMB program, the state's Medicaid program pays the Medicare beneficiaries' Part A and B premiums and certain other cost sharing as a way to reduce the likelihood that these individuals will require full Medicaid coverage. The state pays the cost sharing and the federal government reimburses it for half of these expenditures. The state pays only when the beneficiary's medical provider accepts both Medicare and Medicaid.

EFFECTIVE DATE: July 1, 2013

QMBs

The state's Medicaid program pays certain Medicare cost sharing under an umbrella Medicare Savings Program (MSP). MSP consists of the QMB, Specified Low-Income Medicare Beneficiary, and Qualifying Individual programs. The state pays Medicare cost sharing (Part A and B deductibles and premiums and Part A coinsurance) for QMBs and receives a 50% federal match for doing so.

Medicare Supplement Policies

Federal law standardized Medicare supplement policies into 10 benefit policies designated A, B, C, D, F, G, K, L, M, and N. (Policies E, H, I, and J are no longer sold.) Policy A contains the core benefits, while the other nine policies also provide one or more additional benefits. For example, policy B also contains Part A deductibles and policy C contains Part A and B deductibles, skilled nursing facility care coinsurance, and foreign travel emergency benefits.

COMMENT

Federal Prohibition

Federal law appears to prohibit a person from selling or issuing a supplement policy to an individual entitled to Medicare Part A or enrolled in Medicare Part B unless that person obtains from the applicant a statement that he or she is entitled to Medicaid (fully or partially). Further, the law states that if the statement indicates that the person is Medicaid-eligible, the sale of a supplement is considered a violation (and thus subject to penalty) unless the statement indicates that the only Medicaid assistance the individual is entitled to is help with the payment of Part B premiums (42 USC § 1395ss(d)(3)(B)(iii)(III)). Connecticut’s QMB program also pays other Medicare cost sharing (e.g., Part A and B premiums and deductibles and Part A coinsurance), thus the federal prohibition would seem to apply.

COMMITTEE ACTION

Aging Committee

Joint Favorable

Yea 12 Nay 0 (03/07/2013)