
OLR Bill Analysis

SB 176

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

SUMMARY:

This bill allows certain insurers and other specified private entities to deliver or issue policies supplementing Medicare health insurance to low-income Medicare recipients who are already receiving state assistance to help pay Medicare deductibles, coinsurance, and copays (i.e., Qualified Medicare Beneficiaries (QMBs)). An entity may only issue or deliver policies that supplement Medicare plans A, B, or C, or any combination of these plans. This option is available to insurers, fraternal benefit societies, hospitals, medical service corporations, and HMOs only to the extent federal law allows. But federal law specifies conditions that appear to prohibit these entities from selling supplemental policies to QMBs in Connecticut (see COMMENT).

EFFECTIVE DATE: July 1, 2014

BACKGROUND

Medicare Supplemental 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 covers Part A deductibles and policy C covers Part A and B deductibles, skilled nursing facility care coinsurance, and foreign travel emergency benefits.

QMBs

QMB is one of three designations under the state Medicare Savings

Program (MSP) designed to help low-income individuals pay for Medicare Part B premiums and other services. Under the QMB program, the state's Medicaid program pays the Medicare beneficiaries' Part A and B premiums and certain other cost-sharing (including co-pays and deductibles on Medicare-covered services) as a way to reduce the likelihood that these individuals will require full Medicaid coverage. The state pays the cost-sharing and receives a partial reimbursement from the federal government. The state pays only when the beneficiary's medical provider accepts both Medicare and Medicaid.

The other two MSP designations are Special Low Income Medicare Beneficiary (SLMB) and Additional Low Income Medicare Beneficiary (ALMB). Current eligible monthly income limits range from approximately \$2,021 for an individual enrolled in the QMB program (\$2,700 for a couple) to \$2,356 for an individual enrolled in the ALMB program (\$3,180 for a couple).

COMMENT

Federal Prohibition

Federal law allows an insurer to sell or issue supplemental insurance to a person eligible for Medicaid Part A or enrolled in Medicare Part B only if that person provides a statement outlining their health insurance policies and any Medicare benefits to which they are entitled. If the person is Medicaid-eligible, the insurer may sell or issue supplemental insurance only if that eligibility is limited to payments of Part B premiums. In Connecticut, QMB recipients are entitled to assistance for copays and deductibles in addition to Part B premium payments. As a result, selling or issuing supplemental policies to these recipients appears to violate federal law.

COMMITTEE ACTION

Aging Committee

Joint Favorable

Yea 12 Nay 0 (03/11/2014)