

HB 340 MEDICARE SUPPLEMENT AMENDMENTS (Fitisemanu, Jake)

Anticipated Fiscal Impact: \$7,942/year

This bill would require Medicare Supplement insurers to allow such coverage to Medicare eligible individuals younger than age 65. The bill also states that the rate for this coverage could not be more expensive than the rates for individuals aged 65. PEHP and the State currently allow individuals to elect to receive Medicare Supplement coverage prior to age 65, but these individuals are rated appropriate to their risk and experience, which is higher than the age 65 rate. PEHP would need to collect an additional \$110,313/year in premium for the individuals on Medicare Supplement under age 65 under this bill. The State, as an employer, covers 8.9% of the premiums under the Medicare Supplement plan through early-retiree unused sick leave payments. So, we would estimate that the State would bear \$9,767 of the increased premium to Medicare Supplement members (8.9% of \$110,313). However, the State would also save premium on the few members that are currently under 65 receiving Medicare Supplement benefits in an approximate amount of \$1,825. Thus, the expected fiscal impact to the State would be \$7,942/year (\$9,767 - \$1,825). The remainder of the fiscal impact would be increased premiums borne by individuals over age 65 who elect a Medicare Supplement plan.