

# Overview of SB07-49 Supplemental Insurance for Medicare Recipients under 65

For the Health District of Northern Larimer County Board of Directors

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**Bill Title:** Concerning the Availability of Supplemental Insurance Under CoverColorado for Certain Individuals Eligible for Medicare

**Issue Summary:** People eligible for Medicare by reason of disability have a short window in which to elect a Medigap policy under open enrollment. If they do not elect in time their choices for a Medigap policy are severely restricted. This bill allows CoverColorado to provide a product to those who have missed the opportunity to purchase a Medigap policy.

**Date of Overview:** February 27, 2007

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## Bill Summary

The bill authorizes the CoverColorado program to establish one or more supplemental health plans to be offered to individuals who are on Social Security Disability and eligible for Medicare but who have not elected a Medigap policy within the open enrollment period.

## Background

Individuals who are receiving Social Security Disability and who are under age 65 are automatically eligible for Medicare Part A and may elect Medicare Part B. Because of the large gaps in coverage under Part B, most people need to purchase a supplemental policy, usually known as a Medigap policy. Medigap policies pay for coinsurance and deductibles under Part B and services that Part B does not cover. There is a six month open enrollment period for the SSD recipients to purchase a Medigap policy. During that open enrollment period, all carriers must issue a policy despite the recipient's preexisting conditions. If the SSD recipient does not purchase a Medigap policy during the open enrollment period, their options to purchase a policy are sharply curtailed and they cannot access another open enrollment period until they are 65. Carriers do not have to issue a policy after the six month open enrollment window closes and most do not.

## Why is this issue important?

The product proposed by CoverColorado would fill a gap in health insurance coverage for people who would otherwise be extremely limited in their choices for Medigap insurance. Because of the preexisting condition which qualified these individuals for Social Security Disability, the non-group market is essentially closed to them. This market is precisely the group that CoverColorado was designed to serve.

## Reasons to support bill:

- This bill increases access to insurance for a group of people who would otherwise not have any option.
- According to the CoverColorado program, the projected population for the new product would be between 500-600 individuals, "all who fit within the scope and mission of the CoverColorado program."

## Reasons to oppose bill:

- The CoverColorado program is funded through the Unclaimed Property Trust Fund and premiums collected. It is possible that offering a product to this additional group of people could deplete reserves in the Trust Fund forcing a surcharge on health plans to fill the gap.

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**About this Analysis**

This analysis was prepared by Health District of Northern Larimer County staff to assist the Health District Board of Directors in determining whether to take an official stand on various health-related issues. Analyses are based on bills or issues at the time of their consideration by the Board and are accurate to the best of staff knowledge. It is suggested that people check to see that a bill has not changed during the course of a legislative session by visiting the Colorado General Assembly web page at [www.state.co.us/gov\\_dir/stateleg.html](http://www.state.co.us/gov_dir/stateleg.html). To see whether the Health District Board of Directors took a position on this or other policy issues, please visit [www.healthdistrict.org/policy](http://www.healthdistrict.org/policy).

**About the Health District**

The Health District is a special district of the northern two-thirds of Larimer County, Colorado, supported by local property tax dollars and governed by a publicly elected five-member board. The Health District provides medical, mental health, dental, preventive and health planning services to the communities it serves.

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