

**House Bill 24**  
**House Insurance Committee**  
**AHIP OPPOSITION TESTIMONY**

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Chair Lampton, Vice Chair Craig, Ranking Member Tims, and members of the House Insurance Committee, my name is Keith Lake, and I am a Regional Director for State Affairs for AHIP. AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans, including to nearly nine million patients, families, and employers in Ohio. I thank you for this opportunity to speak with you today, on behalf of our members, in opposition to House Bill 24.

Medigap – also known as Medicare Supplement insurance – helps protect seniors from high out-of-pocket costs not covered by traditional Medicare. Medigap coverage allows seniors – many of whom are on fixed incomes – to budget for medical costs and avoid the confusion and inconvenience of handling complex medical bills. Today, Ohio has one of the most robust and competitive Medigap markets in the country, with dozens of carriers offering coverage and average premiums well below the national average.

**AHIP opposes HB 24 because it would do two things that would upend the Medigap market and threaten affordability:**

First, it would require Medigap carriers to issue all available Medigap plans to under-65 Medicare enrollees and cap premiums for these enrollees at the lowest premium rate offered to seniors.

Second, HB 24 creates an annual guaranteed issue/open enrollment period for Medigap plans for under-65 Medigap enrollees. This policy is commonly known as a “birthday rule”.

We’re concerned that these provisions will have the unintended consequence of leading to higher premiums for seniors and undermining the health and stability of the Medigap coverage market in Ohio.

***AHIP Opposes Mandating Coverage for Under-65 ESRD and Disabled Patients***

The under-65 population that is eligible for Medicare has extremely high health care costs. In particular, ESRD patients represent a very expensive portion of this population.

On average, ESRD beneficiaries incur spending that is about six times greater than spending for beneficiaries ages 65 years and older without ESRD. Requiring carriers to include under-65 ESRD patients in the Medigap risk pool and restricting premium rates for these individuals will increase premiums for the seniors for whom these policies were created.

However, the ESRD population is not the only group that Medigap carriers would be required to offer coverage to under HB 24. The bill would include the entire under-65 Medicare eligible population, which includes those eligible for reasons outside of ESRD. Proponents of HB 24 have cited analysis that the bill will minimally increase Medigap premiums. However, that analysis only examines the effect of adding individuals with ESRD to the Medigap population and does not examine the effect of including non-ESRD under-65 Medicare enrollees.

Critically, the non-ESRD under-65 population ***is more than 12 times larger*** than the ESRD population enrolled in Medicare. These individuals are approximately 50% more expensive than aged beneficiaries, and their impact on the risk pool would create a significantly larger premium impact on Medigap coverage in Ohio compared to the proponent's projections. We further note that the report does not examine the effect of the annual guaranteed issue/open enrollment period included in HB 24.

Looking at data from MedPAC, the federal advisory council on Medicare policy, in 2021 the average Medicare spending per beneficiary was \$15,094. Since Medigap coverage covers the 20 percent of Part B claims that Medicare doesn't pay, including costs of these under-65 population and limiting carriers' ability to set premiums commensurate with their risk will drive up premiums significantly for seniors with Medigap coverage.

Our members have also reported that, in other states with similar requirements to HB 24, the premium impact is concentrated with those plans that currently offer the lowest premiums. There is a grouping effect that takes place where newly eligible under-65 individuals purchase the coverage with the lowest premiums, which concentrates risk in those plans and causes the premiums to increase significantly more than the rest of the market.

Because many Medigap enrollees are lower income and live in rural areas, shifting the expense of the under-65 ESRD and disabled population onto seniors with Medigap policies would add a significant burden to this vulnerable group, many of whom have been paying for Medigap coverage for many years and are often on very tight budgets.

### ***AHIP Opposes the Birthday Rule for Under-65 Individuals***

Our second concern is with the language that allows under-65 individuals who purchase a Medigap plan to switch coverage annually.

As background, all Medigap policies are sold on a guaranteed renewable basis. This means that the issuer cannot cancel the policy or change the benefits, as long as the policyholder pays their premiums. When a new Medicare enrollee signs up for a Medigap policy, the premium they are quoted is structured on the assumption that the policyholder will keep the policy for the rest of their life.

This structure is in direct contrast to the perhaps more familiar approach that takes place with commercial health insurance coverage or Medicare Advantage plans, whereby premiums, cost sharing, and benefits are set on an annual basis.

For Medigap, since benefits cannot change, policies cannot be cancelled by the issuer, and premium structures are established based on the full lifetime of the enrollee, adding an annual guaranteed issue/open enrollment period will undermine the health and stability of the Medigap market in Ohio.

The LSC Analysis for HB 24 says that the bill "requires health plan issuers to offer a special enrollment period for policies issued *under the bill*" – that is to say, the birthday rule would apply only to Medigap enrollees under age 65. This is also consistent with what the sponsor of the bill has communicated to AHIP is his intent. However, during the previous hearing on this bill, on April 8, proponents stated that it "ensures that *all Ohioans* enrolled in a Medigap plan have an annual opportunity to switch." In other words, that the birthday rule would apply to all Medigap enrollees, regardless of age. This would further

increase the impact of the bill on Medigap premiums and do so substantially. Actuarial analysis of other states that have enacted similar legislation shows Medigap premiums increase at a faster rate than those that have not enacted birthday rules.<sup>1</sup>

Medigap coverage is designed to fill the gaps in original Medicare coverage by helping to pay for out-of-pocket costs and, in fact, has been shown to protect enrollees from financial hardship, with enrollees being nearly three times less likely to have problems paying medical bills than those with only Fee-for-Service (FFS) Medicare coverage.<sup>2</sup> However, because many Medigap enrollees live on fixed incomes, they are highly price sensitive to changes in their premiums and may drop coverage as a result of the projected increases. Loss of coverage from premium increases could expose seniors who previously had coverage to financial hardship or lead them to forgo care to the detriment of their health.

In order to preserve senior Ohioans' financial peace of mind and to ensure the Medigap market in Ohio is stable and affordable for Ohio's seniors, AHIP urges this committee to oppose HB 24. Thank you.

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<sup>1</sup> [Medicare Market Insights, 2025 Q2](#)

<sup>2</sup> [The State of Medigap Coverage, Trends in Enrollment and Demographics](#). AHIP. May 2024.