OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 24
(l_136_0013-4)
136th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 24's Bill Analysis

Version: In House Insurance

Primary Sponsors: Reps. Callender and Sweeney

Local Impact Statement Procedure Required: No

Ruhaiza Ridzwan, Senior Economist

Highlights

- Requiring issuers that offer Medicare supplement policies to individuals aged 65 or older to also offer the same coverage to Medicare enrollees under age 65, who are disabled or have an end stage renal disease, may increase the Department of Insurance's administrative costs to review Medicare supplement policy provisions offered for such enrollees and to ensure compliance with the bill's requirements. Any increase in such costs would be paid from the Department of Insurance Operating Fund (Fund 5540).
- The bill has no direct fiscal effect to local governments.

Detailed Analysis

The bill requires, on January 1 that immediately follows the bill's effective date, any issuer[1] that offers coverage under a Medicare supplement policy to individuals aged 65 or older to also offer the same coverage to individuals under age 65, who are eligible for and enrolled in Medicare by reason of disability or end stage renal disease. The bill specifies that any benefit, protection, policy, or procedure applicable to Medicare supplement policy coverage under a plan for an individual aged 65 or older must also apply to coverage offered to such individuals under age 65. The bill specifies that premiums for the coverage offered to individuals who are 64 years of age or younger must not be higher than 125% of the premiums for a Medicare supplement policy offered to individuals aged 65 years of age.

[1] Under existing law, issuers of a Medicare supplement plan include insurance companies, fraternal benefit societies, health insuring corporations, and other entities.

Any Medicare supplement policy issued under the bill must not exclude or limit benefits for losses attributable to a preexisting condition. The Medicare supplement policies required under the bill are not mandated health benefits and are not subject to review by the Superintendent of Insurance. The bill specifies that eligible individuals age 64 or younger have 180 days to enroll in a Medicare supplement policy with the same benefit, beginning on January 1 following the bill's effective date.

Medicare Supplement Insurance (or "Medigap") is extra insurance persons can buy from a private health insurance company to help pay their share of out-of-pocket costs in Original Medicare, such as copayments, coinsurance, and deductibles.

Fiscal effect

The bill may increase the Department of Insurance's administrative costs to review issuers' Medicare supplement policy provisions offered to Medicare enrollees under age 65, who are disabled or have an end stage renal disease, and to ensure compliance with the bill's requirements. Any increase in such costs would be paid from the Department of Insurance Operating Fund (Fund 5540).

The bill would increase written premiums associated with the Medicare supplement policies sold in the state as premiums from such policies are currently taxable under the state foreign and domestic insurance taxes. Thus, it would increase revenue from such insurance taxes. However, premiums paid by a taxpayer on an after-tax basis for supplemental health insurance are generally deductible to the extent they exceed 7.5% of the taxpayer's federal adjusted gross income (FAGI), thus, it may reduce the state personal income tax revenue. The potential net effect of tax revenue associated with premiums written for Medicare supplement policies is undetermined. According to Table 8 of the 2023 Annual Statistical Report on the Social Security Disability Insurance Program, there were a total of 323,100 Social Security Disability Insurance beneficiaries between age 18 and 64 in Ohio. Separately, in 2017-2021, the adjusted end stage renal disease incidence rate in the multistate region including Ohio, Kentucky, and Indiana was 404 patients per million population.

The bill has no direct fiscal effect to local governments.

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