

Regence Testimony HB 1181

May 15, 2025

Chair Nosse and Members of the Committee,

My name is Mary Anne Cooper, and I am the Oregon Director of Public Affairs and Government Relations at Regence BlueCross BlueShield of Oregon.

As one of the state's largest health insurers, Regence is committed to addressing both persistent and emerging health needs for the nearly 1 million Oregonians we serve. In keeping with our values as a tax-paying nonprofit, more than 90% of every premium dollar goes to pay our members' medical claims and expenses. We offer Medicare Supplement (MedSupp) products, also known as Medigap, in the market. Many people buy Medicare Supplement as a more affordable way to enhance basic Medicare coverage, and we find that seniors in this market, who are often on a fixed income, are very cost conscious. Unfortunately, creating an annual open enrollment period would change behavior significantly in this market, driving up costs and harming those who purchased a plan when they turned 65.

Our research shows that only four states (NY, MA, VT, and CT) have true MedSupp "open enrollment" and have some of the highest MedSupp premiums in the country (NY being the highest in the U.S. at \$236/month, according to Kaiser Family Foundation), demonstrating significant impact to the market. Washington OIC recently evaluated the impact of an annual open enrollment and found that it would cause an average 16% increase in premium and an average 7% decrease in enrollment. California estimated 33% increase, or \$80 PMPM. Also, those on Medigap also have to pay for a separate drug plan and vision/dental plan, in terms of affordability impact to current enrollees. This is because mandating an annual open enrollment with a guarantee of receiving a plan incentivizes people to wait to buy a plan when they become sick instead of buying a plan preemptively. This is akin to allowing someone to wait until they are in a car wreck to buy auto

insurance or to wait until they experience a fire to buy homeowners' insurance.

We understand that among the primary concerns this bill seeks to address is to ensure that Medicare Advantage members who experience network terminations have the option to move to a Medicare Supplement plan. When members experience a termination, they are provided a mandated notice that includes instructions to contact 1-800-Medicare if their care is disrupted, enabling their situation to be reviewed for a MedSupp Guarantee Issue. We asked the sponsor on the senate side to amend the bill to improve access for those who had disruptions in coverage, but our proposal was not accepted.

Similarly, when a member experiences a plan termination, for example, when a Medicare Advantage plan moves out of their county, the member gets an automatic guarantee-issue Medicare Supplement plan, so they already have access in this situation. Moving service area is also a qualifying event for a guarantee issue plan, to answer the question earlier.

We would advocate that any state solution be limited to impacted/affected enrollees versus being broadly applicable to the MedSupp market to ensure stability and affordability for the current 189,000 Oregonians with a MedSupp plan.

From a federal perspective, CMS recognizes the importance of limited guaranteed issue for enrollment in Part A, B, and D, with enrollee penalties that increase over time with delayed enrollment in these coverages

We urge you not to move forward with SB 1181 – Oregon seniors need affordable health care coverage, and we should protect those who purchased coverage not anticipating significant rate increases due to legislative changes.

Please do not hesitate to contact me with any questions.

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