

## **BILL ANALYSIS**

C.S.H.B. 1803  
By: Rose  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Persons with certain disabilities or end-stage renal disease are eligible for Medicare before the age of 65 due to the severity of their conditions. This Medicare coverage pays a significant portion of the cost of covered health care services, but not all. Medicare beneficiaries who are 65 years of age or older are able to obtain 10 types of Medicare supplement benefit plans to offset remaining costs, which are also referred to as Medigap plans. Individuals under 65 years of age only have access to one of the 10 options. As the risk pool for beneficiaries under 65 years of age is not evenly spread among all 10 plans, premiums are significantly higher for those under 65.

According to the federal Centers for Medicare and Medicaid Services, Medigap plans can cost beneficiaries under 65 years of age up to \$2,310 monthly. The Center for Medicare Advocacy states that those who qualify for Medicare prior to the age of 65 tend to have lower incomes, require more care, and have greater difficulty making payments than Medicare beneficiaries over the age of 65. The Kaiser Family Foundation found that nearly 25 percent of Medicare beneficiaries with disabilities earn less than \$10,000 a year and 67 percent have an annual income that is less than \$20,000. Based on current premium rates, these plans could cost a beneficiary nearly \$30,000 annually, which is more money than the majority of beneficiaries under the age of 65 make in a year. The original intent of Medicare supplement benefit plans was to defer costs. However, the high rates have led to beneficiaries under 65 relying on Medicaid as a second payer, thus raising state costs. C.S.H.B. 1803 seeks to address this issue by allowing patients younger than 65 years of age who qualify for Medicare because of a disability or end-stage renal disease to enroll in all available Medicare supplement benefit plans without facing higher premiums than individuals over the age of 65.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1803 amends the Insurance Code to require an entity that offers coverage under a Medicare supplement benefit plan to individuals 65 years of age or older in Texas to offer the same plan coverage at the same premium rate to individuals younger than 65 years of age who are eligible for and enrolled in Medicare by reason of disability or end stage renal disease. The bill requires any benefit, protection, policy, or procedure applicable to coverage under such a plan for individuals 65 years of age or older to apply to the same coverage for individuals

younger than 65 years of age, except as otherwise provided by commissioner of insurance rules. The bill applies only to a Medicare supplement benefit plan delivered, issued for delivery, or renewed on or after January 1, 2024.

**EFFECTIVE DATE**

September 1, 2023.

**COMPARISON OF INTRODUCED AND SUBSTITUTE**

C.S.H.B. 1803 differs from the introduced in minor or nonsubstantive ways by conforming to certain bill drafting conventions.