

BILL ANALYSIS

C.S.H.B. 2516
By: Guillen
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that individuals under 65 face barriers when attempting to obtain supplemental coverage to address significant out-of-pocket Medicare costs, and that individuals under 65 who qualify for Medicare often have fewer options or are charged significantly higher premiums for Medicare supplement plans compared to individuals who become eligible at age 65, which results in limited access to critical health coverage for medically vulnerable populations in Texas. C.S.H.B. 2516 seeks to improve access to Medicare supplement benefit plans for Texans younger than 65 years of age who qualify for Medicare due to disability, end stage renal disease, or amyotrophic lateral sclerosis by requiring that such individuals be offered coverage under those supplemental plans that is the same as coverage offered to individuals 65 years of age or older.

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 rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 2516 amends the Insurance Code to require an entity that delivers or issues for delivery a Medicare supplement benefit plan in Texas and offers coverage under that plan to individuals 65 years of age or older to offer the same coverage to individuals younger than 65 years of age who are eligible for and enrolled in Medicare by reason of disability, end stage renal disease, or amyotrophic lateral sclerosis. Any benefit, protection, policy, or procedure applicable to coverage under such a plan for individuals 65 years of age or older must apply to coverage offered to the applicable individuals younger than 65 years of age, except as otherwise provided by rules adopted by the commissioner of insurance regarding Medicare supplement benefit plan standards. The bill requires a standardized Plan A, Plan B, or Plan D Medicare supplement benefit plan offered under the bill's provisions to be offered at the same premium rate charged for the plan to an individual 65 years of age. The bill caps a premium rate for a Medicare supplement benefit plan offered under the bill's provisions, other than Plan A, Plan B, or Plan D, at 200 percent of the premium rate charged for the same plan to an individual 65 years of age.

C.S.H.B. 2516 authorizes an individual younger than 65 years of age eligible for coverage under a Medicare supplement benefit plan as provided by the bill to enroll any time during the six-month period beginning the first day of the first month the individual becomes enrolled for benefits under Medicare Part B. The bill prohibits an entity that delivers or issues for delivery a

Medicare supplement benefit plan in Texas from taking the following actions during an enrollment period with respect to an applicant who is such an individual:

- denying or conditioning the issuance or effectiveness of the plan or certificate that the entity offers and is available for issuance in Texas;
- subjecting the applicant to medical underwriting or discriminating in the price of the plan or certificate because of the applicant's health status, claims experience, receipt of health care, or medical condition;
- imposing a waiting period; or
- imposing a limitation or an exclusion of benefits based on the applicant's preexisting condition.

The bill requires the commissioner to adopt rules as necessary to administer these provisions, including rules designating enrollment periods.

C.S.H.B. 2516 provisions apply only to a Medicare supplement benefit plan, delivered, issued for delivery, or renewed on or after September 1, 2025.

C.S.H.B. 2516 authorizes an individual younger than 65 years of age and enrolled in Medicare Part B by reason of disability, end stage renal disease, or amyotrophic lateral sclerosis on the bill's effective date to apply for coverage under a Medicare supplement benefit plan during the following periods, in addition to other enrollment periods provided by law:

- after August 31, 2025, and before March 2, 2026; or
- if the individual is unable to submit an application for coverage under the plan during that period because the application is not available and the individual requested the application during that period, during a six-month period beginning on the date the application initially becomes available.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2516 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Both the introduced and the substitute require an entity that delivers or issues for delivery a Medicare supplement benefit plan in Texas and offers coverage under that plan to individuals 65 years of age or older to offer the same coverage 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. However, the versions differ as follows:

- the substitute includes amyotrophic lateral sclerosis among the conditions for which such coverage is required, which the introduced did not; and
- whereas the introduced required that a plan be offered at the same premium rate charged for the plan to an individual 65 years of age, regardless of plan type, the substitute does the following:
 - limits that requirement to a standardized Plan A, Plan B, or Plan D Medicare supplement benefit plan; and
 - caps the premium rate for any other plan offered under the bill's provisions at 200 percent of the premium rate charged for the plan to an individual 65 years of age.

The substitute accordingly revises the provision of the introduced establishing an initial enrollment period for individuals younger than 65 years of age enrolled in Medicare Part B by reason of disability or end stage renal disease on the bill's effective date to reflect the addition of amyotrophic lateral sclerosis as a qualifying condition.

The substitute omits provisions from the introduced that authorized an individual younger than 65 years of age who is eligible for coverage under a Medicare supplement benefit plan as provided by the bill to enroll any time during a 60-day open enrollment period each year beginning on the date of the individual's birth or during a special enrollment period designated by the commissioner of insurance.

The substitute revises the introduced version's provisions prohibiting an entity that delivers or issues for delivery a Medicare supplement benefit plan in Texas from taking certain actions during an enrollment period in the following ways:

- specifies that those prohibitions apply only with respect to an applicant who is eligible for coverage under the bill's provisions;
- includes a prohibition against the entity imposing a waiting period, which did not appear in the introduced; and
- expands the prohibition against the entity imposing an exclusion of benefits based on an applicant's preexisting condition to also prohibit imposition of a limitation of benefits based on such a condition.