

How Does Supplemental Medicare Coverage Affect the Disabled Under-65 Population? An Exploratory Analysis of the Health Effects of States' Medigap Policies for SSDI Beneficiaries

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Key Findings and Policy Implications

This paper documents the variation in Medigap and Medicare Advantage programs that are made available to DI beneficiaries in different states and counties across the country. It also analyzes how variations in state policy, notably Medigap offering requirements, guaranteed issue and premium rating rules, affect self-reported health among those covered. The analysis of the health implications of policy are conducted using the Survey of Income and Program Participation. The paper finds that:

- Twenty-three states required insurers to offer at least one Medigap plan to under-65 Medicare beneficiaries throughout the 2004-2018 study period, 17 states never required such offerings, eight states added a requirement during the study period, one state removed a requirement, and one state fluctuated in its requirements.
- A large majority of states requiring issuance of at least one Medigap plan also require an open enrollment period. However, there is substantial variation in the premium rating rules in these states, with most requiring all under-65 beneficiaries be rated equally, and some requiring these beneficiaries be rated together with over-65 beneficiaries.
- Requiring Medigap plan offerings substantially improves self-reported health. This effect is nearly three times the size of the estimated increase in self-reported health from the Oregon Medicaid expansion. There is also suggestive evidence that this improvement is stronger as underwriting restrictions increase and among SSDI beneficiaries with mental health conditions.

Federal law requires insurers to offer Medigap policies to beneficiaries age 65 and older with specific restrictions on underwriting. It is left to states to establish such regulations for the DI population of Medicare beneficiaries under age 65. This study documents the variation in what states require and explores the potential impact of regulatory variations on health outcomes.

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