Review of Changes to Medicare Supplemental (Medigap) Plans in Michigan

- 1/1/2014: BCBSM converts to a nonprofit mutual insurer (PA 4 & PA 5 of 2013)

- BCBSM Medigap monthly premium frozen for past 5 years ($123 per member per month)
  - **Freeze ends 7/31/2016**
  - Medigap policy premiums will go up effective 1/1/2017

- BCBSM subsidizes their Medigap member's monthly premium; regardless of income level
  - Per BCBSM the subsidy is around $70 per member, per month ($200 million each year)
  - **Effective 1/1/2017 BCBSM no longer required to offer across the board subsidy**

- Under PA 4 (2013), BCBSM required to contribute $1.56 billion to Health Endowment Fund over next 18 years
  - One of the many purposes of the Fund is to continue subsidizing Medigap coverage

- **Effective 8/1/2016 the Fund will disburse $120 million to subsidize Medigap coverage for seniors**
  - $120 million must be disbursed throughout 5 years (ending 12/31/2021)
  - Subsidy only provided to seniors demonstrating financial need
  - **Subsidy not limited to BCBSM Medigap members**
  - DIFS Director responsible for developing Means Test, test will be used in determining seniors who qualify for subsidy
  - Attorney General (AG) must approve Means Test

- 11/4/2015: DIFS submitted Means Test for AG's approval
  - **DIFS recommended adoption of 200% of Federal Poverty Level (FPL) for Means Test**
  - At 200% FPL more seniors would receive a subsidy. At 150% FPL less seniors would receive the subsidy, however, the amount of the subsidy would be greater.
  - DIFS waiting to receive response from AG, although AG has verbally expressed desire for 150% FPL

Important Stats:

- 395,674[1] Michigan seniors had a Medicare supplemental plan (Medigap)
- 204,771 of those seniors had a subsidized BCBSM Medigap plan (52%)
- A BCBSM Medigap plan costs $123 per month (Seniors have paid this same rate for past 5 years)
- 228,190 Michigan seniors have chosen a Medicare Advantage plan INSTEAD of opting for a Medigap plan
- In 2015 for a family of 2: 150% of FPL = $23,895 200% of FPL = $31,860

[1] All stats provided by DIFS (2014 data)