



Utahns

SPEAK UP

When N.M. and her husband qualified for Medicare, they were surprised to learn how expensive supplemental plans are ...

N.M.

N.M. lost her job a year ago. With it, she and her husband lost their health insurance. Luckily, they were old enough that they could transition to Medicare. However, their supplemental plan takes over half of N.M.'s social security check every month, on top of the Medicare fee. Her husband luckily is still earning income, but they won't be able to sustain this cost on a fixed income.



Expensive supplemental plans for our seniors...

One year ago, N.M. lost her job. With that loss, she and her husband also lost their health insurance. Luckily, N.M. and her husband were both over 65 and could transition together to Medicare. However, they knew that in order to have high quality coverage and care, they should also obtain supplemental insurance. N.M. purchased the supplemental plan through the Public Employees Health Plan. Her monthly social security check is \$1,080. Medicare takes out a \$100 fee, so her take home check is \$980. The supplemental insurance for both her and her husband is \$688 a month. 70% of her social security goes to paying insurance. Luckily, her husband is still earning an income. But once they are on a fixed income, N.M. worries that such high insurance costs will impact their ability to pay their property taxes.

Policy Solution: Share Risk as a Community ...

N.M. and her husband pay a high price for their supplemental insurance to Medicare. Senior citizens generally have higher premiums than the average because they have more medical conditions and a longer health history. As part of the reform process, Utah should change the way we manage risk. Instead of using Rate Banding, we should use Community Rating, which incentivizes insurance companies to compete over keeping us healthy rather than avoiding risk. They cannot underwrite insurance plans based on health conditions or case characteristics. Instead, they focus on preventative and wellness care and rewarding individual behavior. However, community rating is only effective in lowering costs when everyone participates in the market.