

Bill Summary

SB 242 would require a new period of open enrollment for **Medicare Supplement Plans** and mandate “**guaranteed issue**” of coverage regardless of an applicant’s health status, receipt of health care, age, or medical condition.



SB 242 also removes the existing exclusion for enrollees under 65 years of age who have end-stage renal disease, allowing them to enroll.

Insurance Subject to the Mandate

In 2026, approximately **6.6 million** Californians will be enrolled in Medicare. This includes:

- **Medicare-only coverage:** 5 million
21% are enrolled in Medicare Supplemental plans
- **Medicare and Medi-Cal:** 1.6 million
Medi-Cal covers cost sharing and Medi-Cal only services

Enrollment and Premium Impacts

At baseline, approximately 1.1 million Californians are enrolled in Medicare Supplement policies.

Postmandate, net **enrollment** in Medicare Supplement policies would **decrease** by **6,400 (1%)**.



The average monthly premiums for Medicare Supplement would increase by \$40 PMPM (**14%**).



Context

Types of Medicare		Public	Private
Part A	Hospital: inpatient care	Part C	Medicare Advantage: offers same as Traditional Medicare
Part B	Medical: outpatient care	Part D	Prescription drugs
Part A + Part B = Traditional Medicare		Medicare Supplement Plans	Helps cover OOP costs of Medicare A and B (e.g. cost sharing)

Beneficiaries who currently have a Medicare Advantage plan or Traditional Medicare do not have federal guaranteed issue protection to switch into Medicare Supplement plans.



Analytic Approach and Key Assumptions

CHBRP assumes under SB 242, for Medicare Supplement plans:

Reasons people might enroll:

- Higher health care costs and perceived needs
- Want access to larger provider network



Reasons people might disenroll:

- Lower health care costs
- Want to avoid increased premiums
- Option to enroll later if needed under SB 242

Key Concept: Adverse Selection



When lower cost or healthier patients forego buying insurance until they need it; higher cost or sicker patients actively buy insurance.

SB 242 may lead to increased occurrence of adverse selection, which may begin a cycle:



Other Considerations

SB 242 may result in insurers leaving the Medicare supplement market in California, resulting in fewer choices for Californians with traditional Medicare.



CHBRP: California Health Benefits Review Program
CDI: California Department of Insurance
DMHC: Department of Managed Health Care
OOP: out-of-pocket
PMPM: per member per month