



This training module was developed and approved by the Centers for Medicare & Medicaid Services (CMS), the Federal agency that administers Medicare and Medicaid. This set of National Medicare Training Program materials is not a legal document. The official Medicare program provisions are contained in the relevant laws, regulations, and rulings. The information in this module was correct as of April 2009.

Reference: *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*, CMS Publication No. 02110, available at www.medicare.gov/publications/pubs/pdf/02110.pdf online.

Session Topics

- Overview
- Medigap benefits
- Medigap plans
- Medigap costs
- Guaranteed Issues Right
- More information

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Medigap (Medicare Supplement Insurance)

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In the first part of this module we'll be talking about the basics of Medigap. The topics we'll cover are:

- An overview of Medigap
- The benefits of Medigap
- The different standard Medigap plans available
- Medigap costs
- Where to get more information

What Is Medigap?

- Health insurance policies
 - Sold by private insurance companies
 - Cover “gaps” in Original Medicare
 - Follow Federal and state laws that protect you
 - Must say “Medicare Supplement Insurance”

What is a Medigap policy?

Original Medicare pays for many health care services and supplies, but it doesn't pay all of your health care costs. There are costs you must pay, like deductibles, coinsurance, and copayments. These costs are sometimes called “gaps” in Medicare coverage.

A Medigap policy (also called Medicare Supplement Insurance) is a health insurance policy sold by private insurance companies to fill the “gaps” in Original Medicare coverage. The companies must follow Federal and state laws that protect people with Medicare. The front of the Medigap policy must clearly identify it as “Medicare Supplement Insurance.”

What Is Medigap? (continued)

- Health insurance policies
 - 12 standardized policies in most states
 - Plans A – L
 - Non-standardized policies
 - Massachusetts
 - Minnesota
 - Wisconsin
 - Costs may vary
 - By plan
 - By company
 - Where you live

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In all states except Massachusetts, Minnesota, and Wisconsin, insurance companies can only sell “standardized” Medigap policies, identified by letters (Medigap Plans A through L). Medigap Plans F and J also offer a high-deductible option.

The **benefits** in any Medigap Plan A through L are the same for any insurance company. For example, the benefits in one insurance company’s Medigap Plan C are the same as any other insurance company’s Medigap Plan C. However, the **cost** for a policy may be different depending on the insurance company.

Insurance companies are not required to sell all plans. However, they must offer Medigap Plan A if they offer any other Medigap policy.

Some people may still have a Medigap policy they purchased before the plans were standardized.

When you buy a Medigap policy, you pay a **premium** to the insurance company. You still must pay your monthly Medicare Part B premium. As long as you pay your Medigap premium, a policy bought after 1990 is automatically renewed each year. This means that your coverage continues year after year as long as you pay your premium; we say your policy is **guaranteed renewable**. (In some states, insurance companies may legally refuse to renew Medigap policies that were bought before 1990.)

Overview

How Medigap Works

- Only works with Original Medicare
 - Don't need Medigap policy in
 - Medicare Advantage Plan
 - Other Medicare plans
- Can go to any doctor, hospital, or provider that accepts Medicare
 - Unless you have Medicare SELECT policy networks

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A Medigap policy only works with Original Medicare. Medigap policies won't work with Medicare Advantage Plans or other Medicare plans. In fact, it is illegal for anyone to sell you a Medigap policy if you:

- Are in a Medicare Advantage Plan (unless your enrollment is ending)
- Have Medicaid (unless Medicaid pays for your Medigap policy or only pays your Medicare Part B premium), or
- Already have a Medigap policy (unless you are canceling your old Medigap policy).

If you have a Medigap policy and you join a Medicare Advantage Plan or other Medicare plan, you may want to drop your Medigap policy. Even though you are entitled to keep it, it can't pay for benefits you get under your Medicare Advantage Plan or other Medicare plan and can't pay any cost-sharing under these plans.

If you are in Original Medicare and you have a Medigap policy, you can go to any doctor, hospital, or other health care provider that accepts Medicare. However, if you have the type of Medigap policy called Medicare SELECT, you must use specific hospitals and, in some cases, specific doctors to get your full insurance benefits.

Who Can Buy Medigap?

- Must have Medicare Parts A and B
- May not be able to buy Medigap under 65
 - People with a disability
 - People with End-Stage Renal Disease
- Guaranteed right to buy a Medigap policy
 - In your Medigap open enrollment period
 - Covered under a Medigap protection (guaranteed issue)

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To buy a Medigap policy, you generally must have Medicare Part A and Part B. If you are under age 65 and have a disability or End-Stage Renal Disease (ESRD), you may not be able to buy a Medigap policy until you reach age 65. We will cover Medigap policies for people under age 65 later in this presentation.

You are guaranteed the right to buy a Medigap policy if you are:

- In your Medigap open enrollment period
- Covered under a Medigap protection

The best time to buy a Medigap policy is during your Medigap open enrollment period. Under Federal law, your Medigap open enrollment period lasts for 6 months. It starts on the first day of the month in which you are both age 65 or older **and** enrolled in Medicare Part B. Laws may be more generous in some states.

In some situations, you have the right to buy a Medigap policy outside of your Medigap open enrollment period. These rights are called “Medigap protections.” They are also called guaranteed issue rights because the law says that insurance companies must sell (“issue”) you a Medigap policy even if you have health problems. We will discuss Medigap guaranteed issue protections later in this presentation.

Why Buy Medigap?

- Original Medicare does not pay all costs
- Medigap policy may help you
 - Lower your out-of-pocket costs
 - Get more health insurance coverage

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You may want to buy a Medigap policy because Medicare does not pay for all of your health care. There are “gaps” or costs that you must pay in Original Medicare.

If you are in Original Medicare, a Medigap policy may help you:

- Lower your out-of-pocket costs
- Get additional health insurance coverage

When making your decision to buy a Medigap policy, there are a few things you should consider:

- Whether you have other health insurance, e.g. from a union or employer
- How often you need health care
- What type of health care you need
- Whether your doctor accepts the Medicare-approved amount as full payment, also known as “assignment”

Assignment is an agreement between Medicare and health care providers and suppliers to accept the Medicare-approved amount as payment in full. You pay the deductibles and coinsurance (usually 20% of the approved amount). If assignment is not accepted, health care providers can charge you up to 15% above the approved amount (called the “limiting charge”) and you may have to pay the entire amount up front.

Gaps in Original Medicare

What you pay in 2009—Part A

- Hospital Stays
 - \$1,068 deductible for days 1 – 60
 - \$267 per day for days 61 – 90
 - \$534 per day for days 91 – 150
- Skilled Nursing
 - \$0 for first 20 days
 - Up to \$133.50 per day for days 21 – 100
 - 100% after day 100
- Blood
 - 100% for first 3 pints
 - 20% for additional pints

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These are some of the gaps in coverage, or out-of-pocket expenses, if you have only Original Medicare. A Medigap policy may help pay these costs.

For hospital stays in 2009 **for each benefit period**, under Part A you would pay:

- \$1,068 hospital deductible for days 1 - 60
- \$267 per day hospital coinsurance for days 61 - 90
- \$534 per day hospital coinsurance for days 91 – 150 (while using your 60 lifetime reserve days)

For skilled nursing facility stays in 2009, for each benefit period you would pay nothing for the first 20 days and:

- Up to \$133.50 per day skilled nursing facility coinsurance for days 21 - 100
- All costs for each day after day 100

If you are an inpatient and need blood, you would pay for the first 3 pints (the deductible) and 20% for any additional pints, unless you or someone else donates blood to replace what you use.

If the hospital has to buy blood for you, you must either pay the hospital cost for the first 3 pints of blood you get in a calendar year or have the blood donated. In most cases, the hospital gets blood from a blood bank at no charge and you won't have to pay for it or replace it.

Gaps in Original Medicare

What you pay in 2009—Part A

- Home Health Care
 - \$0 for home health care services
 - 20% for durable medical equipment
 - Up to \$5 copayments for outpatient prescription drugs

- Hospice Care
 - 5% for inpatient respite care
 - Room and board, in some cases

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These are some additional gaps in coverage, or out-of-pocket expenses, if you have Original Medicare. A Medigap policy may help pay these costs.

For Medicare approved home health care, you would pay nothing for home health care services and:

20% for durable medical equipment.

For hospice care you would pay:

- Up to a \$5 copayment for outpatient prescription drugs
- 5% for inpatient respite care. You may also have to pay room and board if you get hospice care in a facility other than for short-term general inpatient care or respite care

Gaps in Original Medicare

What you pay in 2009—Part B

- Part B Deductible – \$135 per year

- Part B Services – 20% coinsurance for most covered services
 - 50% coinsurance for outpatient mental health
 - Copayments for hospital outpatient services

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Additional gaps or out-of-pocket expenses in Original Medicare include the Part B deductible and coinsurance for Part B services. In general, you pay 20% for most covered services. (Covered services include: doctor's services; outpatient therapy such as physical therapy, speech therapy, occupational therapy, subject to limits; most preventive services; durable medical equipment; and blood received as an outpatient that was not replaced after the first 3 pints.)

You pay 50% for outpatient mental health services.

A Medigap policy may help pay these costs.

You can find this information on page 8 of *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*, available on www.medicare.gov or by calling 1-800-MEDICARE (1-800-633-4227).

Medigap Benefits

Medigap Coverage

- Plans A – J
 - All Medigap plans cover the following basic benefits
 - Part A coinsurance for inpatient hospital care
 - Cost of 365 extra days of inpatient hospital care
 - Part B coinsurance after deductible
 - First 3 pints of blood each year
 - Some Medigap plans cover more

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Each standardized Medigap policy (A through L) must include a basic set of benefits. Plans A through J have one set of basic benefits, shown here, and Plans K and L have some different basic benefits.

The basic benefits covered under plans A through J are:

- Part A coinsurance for inpatient hospital care
- Cost of 365 extra days of inpatient hospital care
- Part B coinsurance or copayment amount for Medicare-covered services
- First 3 pints of blood each year

Plans A through J pay 100% of your share of these costs.

Note: Medigap Plans F and J have a high-deductible option. If you choose this option, you must pay this deductible first before the Medigap policy pays anything.

Other Medigap Benefits

- Most Medigap plans have extra benefits
- Some Medigap policies cover
 - Part A deductible
 - Part B deductible
 - At-home recovery
 - Medicare Part B excess charges
 - Subject to the “limiting charge”
 - Other services

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Some Medigap plans cover additional costs that are not covered by Medicare. Different plans have different extra benefits.

Some of these extra benefits include:

- Part A deductible
- Part B deductible
- At-home recovery
- Medicare Part B excess charges (the difference between Medicare's approved amount and your doctor's charge, subject to the limiting charge). The excess charge only applies if your doctor doesn't accept assignment.
- Other covered services, which may include foreign travel emergency up to plan limits (Plans C through J), and preventive care not covered by Medicare up to \$120 (Plans E and J)

Medigap Coverage Plans K & L

■ Basic benefits

- Part A coinsurance for inpatient hospital care
- Cost of 365 extra days of inpatient hospital care
- Plan K pays 50% and Plan L pays 75% of
 - Part A deductible
 - Part B coinsurance after deductible
 - Except 100% for covered preventive services
 - First 3 pints of blood each year
 - Hospice care
 - Skilled Nursing Facility Care Coinsurance

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Plans K and L have some basic benefits different from plans A through J. The basic benefits covered under plans K and L are:

- Part A coinsurance for inpatient hospital care (100%)
- Cost of 365 extra days of inpatient hospital care (100%)
- Part A deductible
- Part B coinsurance or copayment amount for Medicare-covered services
- First 3 pints of blood each year

Plans K and L pay 50% and 75%, respectively, of your share of the costs for the Part A deductible, the Part B coinsurance or copayment, and the first three pints of blood.

Another basic benefit of Plans K and L only is hospice care. Plan K pays 50% and Plan L pays 75% of what you would otherwise pay.

Note: Medigap Plans K and L have annual out-of-pocket limits, which we'll discuss in a few minutes.

In 2009, Medigap Plan K has a \$4,620 out-of-pocket annual limit and Plan L has a \$2,310 out-of-pocket annual limit. The out-of-pocket annual limits can increase each year because of inflation.



The slide features a dark blue background with a green footer bar. The title 'Items Not Covered' is centered in white. A list of five items is shown with square bullet points. The footer bar contains the date '4/17/2009', the title 'Medigap (Medicare Supplement Insurance)', and the page number '14'. The text 'Medigap Benefits' is in the top right corner.

Medigap Benefits

Items Not Covered

- Long-term care
- Vision and dental care
 - Including eyeglasses
- Hearing aids
- Private-duty nursing
- Outpatient prescription drugs

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While there are many things that Medigap policies do cover, there are a number of items that are **not** covered by Medigap policies.

Most Medigap policies **do not** cover:

- Long-term care services (custodial services)
- Vision or dental care, including eyeglasses (However, some of these services may be offered as vendor discounts or innovative benefits.)
- Hearing aids
- Private-duty nursing
- Outpatient prescription drugs

Note: Medigap policies sold **before** January 1, 2006, may include prescription drug coverage for people not enrolled in a Medicare drug plan. If you have a Medigap policy and a Medicare drug plan, your Medigap policy will not cover deductibles or coinsurance/copayments under your Medicare drug plan.

MIPPA Changes (effective 2010)

- Adds hospice coverage as a basic benefit to all plans
 - As similar coverage was added in plans “K” and “L”
- Deletes coverage
 - Preventive services
 - At-Home Recovery

Adds hospice coverage as a basic benefit to all plans, as similar coverage was added in plans “K” and “L”

Deletes coverage for Preventive and At-Home Recovery.

MIPPA Changes (effective 2010)

- Creates a new plan D
 - Same as current
 - Without At-Home Recovery
- Creates a new plan G
 - Same as current
 - With 100% Medicare Part B excess charge benefit
 - Without At-Home Recovery

Creates a new plan D, same as current but without At-Home Recovery

Creates a new plan G, same as current but with 100% Medicare Part B Excess charge benefit, and without At-Home Recovery

MIPPA Changes (effective 2010)

- Eliminates E, H, I, and J plans
- Creates a new plan M
 - Same as D
 - With a 50% coinsurance on the Part A deductible
- Creates a new plan N
 - Same as D
 - With 100% Part B coinsurance benefit
 - Less \$20 per physician visit
 - Less \$50 per ER visit
 - unless beneficiary is admitted.

Eliminates E, H, I, and J plans.

Creates a new plan M, same as D but with a 50% coinsurance on the Part A deductible

Creates a new plan N, same as D but with 100% Part B coinsurance benefit, less \$20 per physician visit and \$50 per ER visit, unless beneficiary is admitted.

Special Types of Medigap Plans

- Medigap plans with drug coverage
- High deductible plans
 - Plans F, J
- Medigap plans with hospice care
 - Plans K, L
- Massachusetts, Minnesota, and Wisconsin (waiver states)
- Medicare SELECT (network plans)

For the next few slides, we'll be talking about some different types of Medigap plans, including those with prescription drug coverage (sold prior to January 1, 2006), the high deductible plans, plans sold in Massachusetts, Minnesota, and Wisconsin, and Medicare SELECT.

Medigap Plans With Drug Coverage

- Standardized plans H, I, J
 - Sold before January 1, 2006
- Some policies in waiver states
 - Massachusetts
 - Minnesota
 - Wisconsin
- Some pre-standardized plans
- Others

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Of the standardized plans A – L, plans H, I, and J sold before 2006 included some limited prescription drug coverage. There are also policies available in Massachusetts, Minnesota, and Wisconsin and some pre-standardized plans purchased before mid-1992 that have prescription drug coverage, as well as some standardized policies with prescription drug coverage added through a policy rider as an innovative benefit.

Most Medigap policies sold before January 1, 2006, are not considered creditable prescription drug coverage, which means they may not be as good as Medicare prescription drug coverage because they don't expect to pay as much as the Medicare standard prescription drug plan will pay. If you kept Medigap drug coverage that is not creditable and you did not join a Medicare drug plan, you may have to pay a penalty to enroll in a drug plan later. (Note: Discount prescription drug cards offered as an innovative benefit are not considered "coverage" and therefore are not creditable coverage.)

F and J High Deductible Option

- \$2,000 deductible for 2009
 - Amount can go up each year
- Often have lower premium
- Out-of-pocket costs may be higher
- May not be able to change plans
- Additional deductibles
 - Prescription drugs
 - Foreign travel

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Insurance companies are allowed to offer a “high deductible option” on plans F and J. If you choose this option, you must pay a \$2,000 deductible in 2009 before the plan pays anything.

High-deductible policies often have lower premiums, but if you need a lot of Medicare-covered health care services, supplies, and equipment, your out-of-pocket costs will be higher, and you may not be able to change to another Medigap policy.

In addition to paying the deductible for the high deductible option on plans F and J, you must also pay a deductible for foreign travel emergencies (\$250 per year for plans F and J) and for prescription drugs (\$250 per year for Medigap Plan J policies sold before 2006; Medigap Plan F doesn't cover prescription drugs).

These high deductible options on plans F and J are not available in all states.

Plans K and L

- Pay only partial costs after Medicare pays
- Have annual out-of-pocket maximum
- Plan K covers
 - 50% for most services
 - \$4,620 out-of-pocket limit in 2009
- Plan L covers
 - 75% for most services
 - \$2,310 out-of-pocket limit in 2009

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The Medicare Modernization Act of 2003 created two new Medigap plans, Plans K and L (which also can be sold as Medicare SELECT). Medigap Plans K and L must include the basic benefits provided under all Medigap policies, but as we discussed earlier, the basic benefits are paid differently from plans A through J. Plan K pays 50% of your deductible and coinsurance or copayment for most services, and Plan L pays 75%.

In 2009, Medigap Plan K has a \$4,620 out-of-pocket annual limit and Plan L has a \$2,310 out-of-pocket annual limit. The out-of-pocket annual limits can increase each year because of inflation.

Once you meet the annual limit, the plan pays 100% of the Medicare Part A and Part B copayments and coinsurance for the rest of the calendar year, as well as the Part B deductible if it has not already been paid.

Charges from your doctor that exceed Medicare-approved amounts, called “excess charges,” aren’t covered and don’t count toward the out-of-pocket limit. **You will have to pay these excess charges.** Excess charges are generally limited to 15% above the Medicare-approved amount.

Minnesota, Massachusetts, Wisconsin (waiver states)

- A different kind of standardized plans
 - NOT labeled plans A – L
- Offer comparable benefits to standardized plans
 - Basic benefits
 - Optional benefits
- For information
 - Call state insurance department

Earlier we mentioned that the standard Medigap plans A through L are not available to people with Medicare in Massachusetts, Minnesota, and Wisconsin. This is because these states are considered “waiver” states, which means they already have comparable standardized policies to fill in the coverage gaps in Original Medicare. They have a different system that includes basic (“core”) and optional (“rider”) benefits. However, Minnesota and Wisconsin have approved the sale of Plans K and L alongside core and rider plans.

Call your state insurance department for more information, or see Section 7, pages 38 – 40, in *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare* to learn more about each state’s standardized policies.

Medicare SELECT

- A type of Medigap policy (plans A – L) with networks
- To get full benefits (except in emergency)
 - Must use specific hospitals
 - In some cases must see specific doctors
- Generally cost less than non-network plans
- Can switch to another Medigap plan
 - Same or lower value
- May not be offered in your state

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Another type of Medigap policy is Medicare SELECT. If you buy a Medicare SELECT policy, you are buying one of the 12 current standard Medigap plans A through L. However, with a Medicare SELECT policy, you need to use specific hospitals and, in some cases, network doctors to get full insurance benefits (except in an emergency). For this reason, Medicare SELECT policies generally cost less. If you do not use a Medicare SELECT provider for non-emergency services, you may have to pay what Medicare does not pay. Medicare will pay its share of approved charges as long as your provider participates.

If you currently have a Medicare SELECT policy, you also have the right to switch, at any time, to any regular Medigap policy being sold by the same company. The Medigap policy you switch to must have equal or less coverage than the Medicare SELECT policy you currently have. At the present time, some Medicare SELECT plans in some states resemble Preferred Provider Organizations (PPO).

Medicare SELECT might not be offered in your area.

Reference: For more information, see *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare* (CMS Publication No. 02110).

Medigap Costs

How Much Does Medigap Cost?

- Depends on
 - Your age (in some states)
 - Where you live
 - Company selling the policy
- Can be big differences in premiums
 - For exactly the same coverage
- Compare the same Medigap policies

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The cost of a Medigap policy will be different depending on your age (in some states), where you live (for example, urban or rural county or ZIP Code), and the insurance company from which you buy the policy. There can be big differences in the premiums that different insurance companies charge for exactly the same coverage.

Other factors that may affect your cost are:

- Whether you are male or female. Some companies offer discounts for females.
- Whether you smoke or not. Some companies offer discounts for non-smokers.
- Whether you are married or not. Some companies offer discounts for married couples.
- Medical underwriting—we will explain this in a few minutes.

Insurance companies have three different ways of pricing policies based on your age, shown on the next slide.

| Pricing Based on Age | |
|-----------------------------------|--|
| No-age-rated (community-rated) | Everyone pays same Generally least expensive over lifetime |
| Issue-age-rated | Based on age when purchased Does not go up automatically as you get older |
| Attained-age-rated | Goes up automatically as you get older Costs less when you are 65 Costs more at age 70 or 75 |

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This slide shows the different ways of pricing Medigap policies based on your age:

- **No-age-rated** (also called community-rated) policies—These policies charge everyone the same rate no matter how old they are. In general, no-age-rated Medigap policies are the least expensive over your lifetime.
- **Issue-age-rated** policies—The premium for these policies is based on your age when you first buy the policy. The cost does not go up automatically as you get older but may go up because of inflation.
- **Attained-age-rated** policies—The premiums for these policies are based on your age each year. These policies are generally cheaper at age 65, but their premiums go up automatically as you get older. In general, attained-age-rated policies cost less when you are 65 than issue-age-rated or no-age-rated policies. However, when you reach the ages of 70 to 75, attained-age-rated policies usually begin to cost more than other types of policies.

When you compare premiums, be sure you are comparing the same Medigap policies. Remember, all premiums may change and go up each year because of inflation and rising health care costs.

[Instructor's note: Refer to page 14 of *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare.*]

Buying a Medigap Policy

- May be able to buy a policy any time
- Best time is during open enrollment period
 - Lasts for 6 months
 - Starts on first day of the month you are
 - Age 65 or older AND
 - Enrolled in Medicare Part B
- Once 6-month Medigap open enrollment period starts, it can't be changed

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You may buy a Medigap policy any time an insurance company will sell you one, but some times are better than others. The best time to buy a Medigap policy is during or just prior to your Medigap open enrollment period. Your Medigap open enrollment period lasts for 6 months, starting on the first day of the month in which you are both:

- Age 65 or older AND
- Enrolled in Medicare Part B

It may be important for you to apply for a Medigap policy before your Medigap open enrollment period starts, if your current health insurance coverage will end the month you become eligible for Medicare OR you reach age 65. This will allow you to have continuous coverage without any break.

Generally, **once the 6-month Medigap open enrollment period starts, it can't be changed**, although some states have more generous rules.

Open Enrollment Period

- Insurance company can't
 - Deny you coverage
 - Make you wait for coverage to start
 - But may make you wait for coverage of pre-existing conditions
 - Unless you have creditable coverage
 - Charge you more for a policy
 - Because of your health problems

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During the Medigap open enrollment period, an insurance company cannot:

- Deny you any Medigap policy it sells
- Make you wait for coverage under your policy to start, **except** for coverage of a pre-existing condition. If you buy a policy during your Medigap open enrollment period, the insurance company must shorten the waiting period for pre-existing conditions by the amount of previous health coverage (creditable coverage) you have. We'll talk about creditable coverage and pre-existing conditions a little later in the module.
- Charge you more for a policy because of your past or present health problems. If you apply for a Medigap policy **after** your Medigap open enrollment period has ended, the insurance company may use medical underwriting to decide whether to accept your application and how much to charge you. If you are in good health, the insurance company is likely to sell you the Medigap policy, but there is no guarantee that they will, unless you become eligible for one of the Medigap guaranteed issue protections. Not all insurance companies use medical underwriting, so be sure to ask about it.

Waiting to Enroll in Part B

- Medigap open enrollment period starts
 - Age 65 **and** enrolled in Part B
- Consider waiting to enroll in Part B
 - If you or your spouse still working and
 - You have group health coverage

Should you enroll in Medicare Part B and start your Medigap open enrollment period if you are age 65 or over and still working?

You may want to delay enrolling in Medicare Part B if you or your spouse are working and you have group health coverage through an employer or union based on your or your spouse's **current active employment**. Your Medigap open enrollment period won't start until after you sign up for Medicare Part B. Remember, once you're age 65 or older **and** enrolled in Medicare Part B, the Medigap open enrollment period starts and cannot be changed. (Some states have more generous rules.)

If you are not going to enroll in Part B due to current employment, it is important that you notify the Social Security Administration that you do not want Part B of Medicare.

Buying a Medigap Policy

- Important decision—shop carefully
- Follow four steps
 1. Decide which plans meet your needs
 2. Learn which companies sell Medigap in your state
 3. Call the companies and compare costs
 4. Buy the Medigap policy

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Buying a Medigap policy is an important decision. Only you can decide if a Medigap policy is the right kind of health insurance coverage for you. If you decide to buy a Medigap policy, shop carefully. Look for a policy you can afford that gives you the coverage you need. As you shop for a Medigap policy, keep in mind that insurance companies may charge different amounts for the same Medigap policy. To buy a Medigap policy, follow the four steps on this slide.

- Decide which benefits you want and which of the Medigap Plans A – L meet your current and anticipated health care needs.
- Find out which insurance companies sell Medigap policies in your state by calling your State Health Insurance Assistance Program or state insurance department.
- Call the insurance companies and compare costs. Shop around for the best policy at a price you can afford.
- Buy the Medigap policy.

[These four steps are described on pages 21 – 26 of *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*.]

Medigap Rights and Protections

- Also called “guaranteed issue rights”
- Special rights to buy Medigap based on occurrence of certain events
- Keep
 - Letters
 - Claim denials
 - Postmarked envelopes
- Protections are in Federal law
 - Many states provide more Medigap protections
 - Call your SHIP or State Insurance Department

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In some situations when you have other health care coverage that changes in some way, such as when you lose or drop the other coverage, you have a **guaranteed issue** right to buy a Medigap policy. Guaranteed issue rights are rights you have in certain situations when insurance companies are required by law to sell or offer you a Medigap policy.

You should keep a copy of any letters, notices, and claim denials you get as proof of loss of coverage. Be sure to keep anything that has your name on it. Also, keep the postmarked envelopes these papers come in. You may need to send a copy of some or all of these papers with your application for a Medigap policy to prove you lost coverage and have the right to these protections.

The Medigap protections in this section are from Federal law. Many states provide more Medigap protections than Federal law. Call your SHIP or state insurance department for more information.

Summary of Medigap Protections

- Guaranteed issue rights in some situations
 - Right to buy a Medigap policy
 - Apply within 63 days from other coverage ending
- In these situations, an insurance company
 - Must sell you a Medigap policy
 - Must cover all pre-existing conditions
 - Can't charge more because of past or present health problems

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There are a few situations involving health coverage changes where you may have a guaranteed issue right to buy a Medigap policy. Generally, you must apply for a policy within 63 days from the day your other coverage ends.

In these situations, an insurance company:

- **Can't deny you Medigap coverage or make you wait** for coverage to start
- **Must cover you for all pre-existing conditions**
- **Can't charge you more** for a policy because of past or present health problems

Although in certain situations you have a guaranteed issue right to purchase a Medigap policy, this does not necessarily guarantee you the right to choose *any* Medigap plan. In most cases, there are few limited plans from which you can choose. We'll be talking about these situations next.

Guaranteed Issue Rights

- Rights to purchase in most cases plans A, B, C, F, K, or L, if
 1. Medicare Advantage or PACE coverage ends
 2. Employer group health plan coverage that pays secondary to Medicare ends
 3. Health coverage ends because you move out of the plan's service area
 4. You joined a Medicare Advantage or PACE plan
 - First eligible for Medicare at age 65 and leave within 12 months

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Here is a summary of some situations involving health coverage changes where you may have a guaranteed issue right to buy a Medigap policy that a company is offering in your state.

Situation #1: Your Medicare Advantage Plan is leaving the Medicare program or will stop serving your area, or your PACE provider stops giving care in your area. (A, B, C, F, K, or L*) (PACE, which stands for Program of All-Inclusive Care for the Elderly, is a Medicare health plan option that combines medical, social, and long-term care services to help frail elderly people continue to live at home.)

Situation #2: You have employer group health plan coverage that supplements (pays after) Medicare, and the plan terminates or ceases to provide all such supplemental benefits. (A, B, C, F, K, or L*)

Situation #3: Your health coverage ends because you move out of the plan's service area. (A, B, C, F, K, or L*)

Situation #4: You joined a Medicare Advantage Plan or PACE program when you were first eligible for Medicare at age 65. Within the first year of joining (your trial period), you decide you want to leave. (Any plan sold in your state)

*In these situations, Federal law requires companies to offer plans A, B, C, and F. All states, except for Massachusetts, also require companies to offer plans K and L if available.

Guaranteed Issue Rights (continued)

5. You dropped a Medigap policy and enrolled in Medicare Advantage Plan for first time
 - Stayed in the plan less than a year and
 - Want to switch back
6. Medigap coverage ends through no fault of your own
7. Plan or insurance company committed fraud

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Situation #5: You dropped a Medigap policy and joined a Medicare Advantage Plan, other Medicare plan, or switch to Medicare Select for the first time and now you want to leave. You only have this guaranteed issue right if you have been in the plan less than a year (trial period). (Previous plan if available or, if not, A, B, C, F, K, or L*)

Situation #6: Your Medigap insurance company goes bankrupt and you lose your coverage, or your Medigap policy coverage ends through no fault of your own. (A, B, C, F, K, or L*)

Situation #7: You leave your plan because your Medicare Advantage Plan or Medigap insurance company has committed fraud. For example, the marketing materials were misleading, or quality standards were not met. (A, B, C, F, K, or L*)

*In these situations, Federal law requires companies to offer plans A, B, C, and F. All states except Massachusetts also require companies to offer plans K and L, if available.

[More Information](#)

Getting Information

- State Health Insurance Assistance Program
 - (SHIP)
 - Ask for a rate guide or shopper's guide
- Your state insurance department
- www.medicare.gov
- 1-800-MEDICARE (1-800-633-4227)

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You can get information about Medigap policies in your state by:

- Calling your SHIP to get free counseling to help you decide which policy is best for you. Your SHIP can tell you what Medigap policies are available in your state and which companies sell them. Ask if they have a “Medigap rate comparison shopping guide” for your state. This type of guide usually lists the insurance companies that sell Medigap policies in your state and their costs. (SHIPS have various names depending on the state, e.g., SHINE, APPRISE, VICAP, HIICAP.)
- Calling your state insurance department
- Visiting the Medicare website at www.medicare.gov
- Calling 1-800-MEDICARE (1-800-633-4227)

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