Follow-Up Q&A from the July 2015 Webinar
Medigap: What You Need to Know

Coverage & Costs

Which plan will not cover the Part B deductible starting in 2020?

As a result of the *Medicare Access and CHIP Reauthorization Act of 2015*, beginning in 2020, Medigap plans will no longer be permitted to cover the Part B deductible ($147 in 2015) for new enrollees. Note that only Plans C & F cover this deductible now. This legislative change applies only to new enrollees. If your client enrolled in either of those plans prior to 2020 and stays in the plan, it will continue to cover the deductible. However, if your client leaves one plan and tries to enroll in another Plan C/F in the year 2020 or later, she will be unable to have the deductible paid for by the plan, as she would be considered a new enrollee.

Is there a way to find out about the discounts and cost structure of a particular Medigap plan without calling the company?

Every state insurance department produces a Medigap comparison guide. Most comparison guides include information about the costs which can change during the year and are updated periodically. For the most current premium rates, you may want to contact the company directly. You can find your state's insurance website at: http://www.naic.org/state_web_map.htm.

What is the difference between Medigap creditable coverage and that under Part D?

The difference is what type of insurance counts as creditable coverage. Part D creditable coverage includes most employer group health plan prescription drug coverage and VA or TRICARE. For Medigap, almost any major medical coverage—including retiree health insurance, employer group plans, COBRA, and Qualified Health Plans sold in the health insurance Marketplaces, among others—counts as creditable coverage. Remember the term "creditable coverage" is not used for enrollment into Part B.

Medigap & Other Insurance

If someone has TRICARE, do they need a Medigap plan?

When someone with TRICARE takes Medicare Parts A & B, they must then enroll in TRICARE For Life (TFL). TFL provides wraparound coverage for Medicare costs; it is the secondary payer to Medicare for services received in the U.S. and its territories, and pays

first for care received outside of the U.S. More importantly, TRICARE For Life beneficiaries do not have to pay premiums for this coverage.

A person with TFL does not need to purchase a Medigap policy, as TFL acts as that supplemental coverage. Individuals about to enroll in TFL are encouraged to talk to their TFL representative about their coverage needs by calling 1-866-773-0404 (TDD 1-866-773-0405).

Would it be illegal for someone to sell a client a Medigap policy if the client is enrolled in Medi-Cal (Medicaid)?

Yes, it is illegal to sell a person with Medicaid a Medigap policy. It's possible that a person can buy a Medigap policy and then later qualify for Medicaid; in this situation, the client can suspend their Medigap policy for up to 24 months while enrolled in Medicaid. However, the beneficiary is only entitled to this suspension if he or she notifies the issuer of the Medigap policy within a specific time period (90 days). To learn more, read the Centers for Medicare & Medicaid Services (CMS) guidance memorandum on this issue at: https://www.cms.gov/Medicare/Health-Plans/Medigap/downloads/mdgp0103.pdf.

So someone with SLMB, one of the Medicare Savings Programs, cannot enroll in a Medigap?

The Medicare Savings Programs (MSPs) are sometimes considered a form of Medicaid since they are administered by each state's Medicaid agency. There are three types of MSPs—the Qualified Medicare Beneficiary (QMB) program, the Specified Low-Income Medicare Beneficiary (SLMB) program and the Qualifying Individual (QI) program. QMB is for those with the lowest incomes (below 100% of poverty) and covers the Part B premium, as well as other cost-sharing under Parts A & B. SLMB and QI only cover the Part B premium for those who qualify.

Individuals who receive QMB should not enroll in Medigap, since their cost-sharing in Medicare is already paid for by the QMB program. Those who receive SLMB and QI, however, may enroll in Medigap—however, with their limited incomes, paying a monthly Medigap premium is likely cost prohibitive, and may only make sense if the individual has significant cost-sharing needs.

If you are on COBRA and have Medicare Part A and lose COBRA and then take Part B—are you subject to a penalty for late enrollment in Part B?

It depends on how long you wait to enroll. Losing COBRA coverage does not qualify you for a Special Enrollment Period. The Part B (and Part A) late enrollment penalty applies when you delay enrollment for more than 12 months.

However, many people delay taking Part B when they first become eligible for Medicare because they have existing coverage through their/their spouse's employer group health plan if the employer has more than 20 employees. If this is your situation, then when you/your spouse stops actively working, you get a Special Enrollment Period lasting 8 months from the time the active employment ends to sign up for Part B without incurring a penalty. If you decide to take COBRA and are outside this Special Enrollment Period—or outside your Initial Enrollment Period for Medicare—then you may have to pay a penalty for enrolling in Part B later.

Medicare Secondary Payer rules define Medicare as the primary payer to COBRA. Generally, it is to the advantage of the beneficiary to enroll in Medicare Parts A & B when first eligible if their other health coverage is COBRA.

For Medigap purposes, COBRA does count as creditable coverage that can be applied against any pre-existing condition waiting period.

For more information, read these 7 tips about COBRA and Medicare: https://www.medicare.gov/supplement-other-insurance/how-medicare-works-with-other-insurance/who-pays-first/cobra-7-facts.html.

A person can elect to choose a Marketplace plan if their cost of Medicare Parts A and B would cost them more because the person did not enroll during their open enrollment and then went to enroll years later for Medicare.

While it is true that someone who is not enrolled in Medicare can choose a Marketplace plan, it is important to remember that as soon as someone becomes eligible for Medicare, any Marketplace subsidies she would receive will cease. It does not matter if the person does not enroll in Medicare, as soon as she is eligible to receive Medicare, she will no longer receive a subsidy/tax credit, and her once-affordable coverage may then become quite expensive.

At the same time, it is illegal for a Marketplace representative to sell a plan to a person who has enrolled in Medicare.

If you have a client who is facing significant penalties for late enrollment into Medicare, you may wish to see if that client is eligible for a Medicare Savings Program or the Part D Low-Income Subsidy (LIS/Extra Help). Anyone who receives these benefits will not pay a late enrollment penalty in Part B (MSP) or Part D (LIS).

There is one exception: if a person is not eligible to receive premium-free Part A (i.e., he does not have enough Social Security work credits), he may be permitted to buy a Marketplace plan and receive the subsidies. However, he may still face late enrollment

penalties for joining Medicare later. See https://www.cms.gov/Medicare/Eligibility-and-Enrollment/Medicare-and-the-Marketplace/Overview1.html for more guidance.

Guaranteed Issue Periods & Rights

Can you please explain again the difference between the 63 days of guaranteed issue rights and the 6-month open enrollment? Does this mean if a person elected Part B in January, he only has until March 3 to enroll in Medigap to have Guarantee Issue Period? If he waited until April, he will no longer be under the Guarantee Issue Period?

Everyone taking Medicare Part B for the first time at/after age 65 gets a Medigap Open Enrollment Period that lasts 6 months. During this time, the client can purchase any Medigap policy and cannot be denied coverage due to medical underwriting (however, he may still be subject to the pre-existing condition waiting period if he did not have prior creditable coverage). The 6-month period begins when the client's Part B coverage begins. In the scenario above, if the client began receiving Part B on January 1, then his Medigap Open Enrollment Period would last from January through June. Our Medigap Open Enrollment fact sheet explains this further: https://www.ncoa.org/resources/medigap-open-enrollment-period/.

Guaranteed Issue Periods apply to 7 particular circumstances, as outlined here: https://www.medicare.gov/supplement-other-insurance/when-can-i-buy-medigap/guaranteed-issue-rights-scenarios.html. For guaranteed issue rights, the person must apply for Medigap no later than 63 days after the circumstance that made them eligible for a Guarantee Issue Period. During the Guaranteed Issue Period, the client may not be able to purchase all types of Medigap plans; the selection is usually limited to Medigap Plan A, B, C, F, K, or L in their state.

Can you be medically underwritten during the Guaranteed Issue Period? In other words does it mean you are guaranteed to get a plan but you may pay more?

During a Guaranteed Issue Period, a company must:

- Sell you a Medigap policy
- Cover all your pre-existing health conditions
- Not charge you more for a Medigap policy because of past or present health problems

Note that these are federal protections. Your state may have additional protections; check with your state insurance commission for additional information.

Doesn't a person have a Guaranteed Issue Period each year 30 days before/after their anniversary date? Can you discuss that? I mean a right to pick a similar plan under another company?

Federal law does not provided a Guaranteed Issue Period to switch Medigap plans on the anniversary of one's enrollment into Medigap/Medicare, however, several states do offer this option, such as Missouri and California. Other states, such as New York and Connecticut, offer guaranteed issue rights year-round. To see what your state's rules are regarding the Guaranteed Issue Period, check with your state insurance department, which you can find at: http://www.naic.org/state_web_map.htm.

Once the guarantee issue right is "lost" can it ever be restored with enrollment into a Medigap - I'm thinking for future opportunities to enroll in a different Medigap?

Again, the guaranteed issue rights apply to 7 particular circumstances. If a client misses their 63-day enrollment window following one of these circumstances, but encounters another/the same qualifying circumstance at a later date, then she would have another 63-day Guaranteed Issue Period.

I have a client who's been enrolled in Medicare for 7 years. This past January, she dropped Medigap and enrolled in a Medicare Advantage plan. Now that she's just been diagnosed with diabetes, she wants to disenroll from Medicare Advantage and re-enroll in traditional Medicare with a Medigap. Is she eligible to re-enroll in Medicare/Medigap now or must she wait for Annual Enrollment Period in October?

Anyone who joins a Medicare Advantage (MA) plan for the first time and is unhappy with that plan has a guarantee issue right known as the "MA trial right period" to return to Original Medicare and pick up a Medigap policy within 12 months of joining the Medicare Advantage plan.

Since your client had a Medigap policy before she joined Medicare Advantage, she can get the same policy back if the company still sells it. If that plan isn't available, she can buy any Medigap Plan A, B, C, F, K, or L that's sold by any insurance company in your state.

Your client can/must apply for a new Medigap policy as early as 60 calendar days before the date her Medicare Advantage coverage will end, but no later than 63 calendar days after her MA plan coverage ends. The Medigap plan will require a letter of disenrollment from the MA plan prior to the effective date of the Medigap policy as it is illegal to sell a Medigap policy to a beneficiary enrolled in an MA plan.

Switching Policies

A person wants to switch Medigap policies—if the company offering the new plan denies coverage, can the person remain in the policy they had before starting the paperwork to switch?

If a person decides to switch Medigap policies, it is important that he call the new insurance company and apply for the new Medigap policy prior to dropping the existing policy. If his application is accepted, then he can call the current insurance company and ask for coverage to end. This also allows for a buffer zone—if the application is rejected, he can remain in his current Medigap plan. If he drops his current coverage before applying for a new policy, and then is rejected by the new policy, there is no certainty that he can obtain his former policy back once it has been dropped.

I was always told that a retiree could drop his secondary retiree coverage at any time and choose a Medigap policy since this was creditable coverage but you say this is not the case? If you have retiree coverage and you lose it will that give you a Guaranteed Issuance Period?

Retiree coverage is considered creditable coverage to Medigap, meaning that you cannot be subject to a pre-exiting condition waiting period if you had continuous retiree coverage prior to enrolling in Medigap.

However, according to federal law, if a person decides to **voluntarily** drop his retiree coverage, he does not get a Guaranteed Issuance Period to pick up Medigap. These rights would only apply if the retiree coverage dropped the individual **involuntarily**. Your state laws may be different, though, and you should check with your state insurance department to see whether guaranteed issue rights apply in this situation in your state. If you do not have guaranteed issuance rights to purchase a Medigap policy upon voluntarily dropping your retiree coverage, then the insurance companies are not obligated to sell you a plan, or can charge more and require medical underwriting. Since many retiree plans also offer coverage for services not paid for by Medicare (e.g., dental and vision care), someone considering dropping this coverage for Medigap should weigh this decision carefully.