Medigap: What You Need to Know

Audio Portion: 1-866-740-1260
Web Portion: www.ReadyTalk.com
Code: 4796976
Agenda

- Help with Medicare costs/Medigap plan basics
- Medicare Advantage vs Medigap
- Enrolling in Medigap
  - Open enrollment
  - Guaranteed issue and other rights
  - Medical underwriting and pre-existing conditions
  - People with disabilities/ESRD
- Switching policies/disenrollment
- Sample scenarios/How to help your clients
- Resources
Help with Medicare costs/
Medigap plan basics
Medicare costs and coverage gaps

- Medicare enrollees have numerous costs:
  - Part A benefit period deductible, coinsurance (and premium for those without work credits)
  - Part B premium, annual deductible, 20% coinsurance

- In addition, Medicare does not cover:
  - Routine dental care
  - Routine vision care and eyeglasses (except after cataract surgery)
  - Hearing aids and exams
  - Medical care outside of the U.S.
Closing the cost & coverage gaps

- Medicare Savings Programs for those with low incomes cover Part B premium (and other cost-sharing in Parts A & B for those with QMB)

- Medicare Advantage plans
  - May include services not covered under Original Medicare, such as vision and hearing

- Retiree coverage (pays second to Medicare)

- Medigap
  - Only helps pay for Medicare-covered services
  - Exception: some plans pay for emergency health care overseas or health club memberships like SilverSneakers
Medigap policies

- Alphabetical names (Plans A-D, F, G, K, L, M, N)
  - E, H, I, and J exist but are no longer sold
- Offered through private insurance companies
  - Don’t have to offer every plan
  - If they do offer any, they must offer Plans A, C, and F
- Standardized according to state (and federal) laws
  - MA, MN, and WI have slightly different standardization
- Find policies offered in your area through www.naic.org or www.medicare.gov
### Medigap policies (cont.)

<table>
<thead>
<tr>
<th>Benefits</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>F*</th>
<th>G</th>
<th>K</th>
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<td>Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)</td>
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<td>Part A hospice care coinsurance or copayment</td>
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<td>Part B excess charges</td>
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*Plan F is also offered as a high-deductible plan by some insurance companies in some states. If you choose this option, this means you must pay for Medicare-covered costs (coinsurance, copayments, deductibles) up to the deductible amount of $2,180 in 2015 before your policy pays anything.

**For Plans K and L, after you meet your out-of-pocket yearly limit and your yearly Part B deductible ($147 in 2015), the Medigap plan pays 100% of covered services for the rest of the calendar year.

***Plan N pays 100% of the Part B coinsurance, except for a copayment of up to $20 for some office visits and up to a $50 copayment for emergency room visits that don’t result in an inpatient admission.
Medigap policies: Special considerations

Medigap policies: Special considerations (cont.)

- Medicare SELECT
  - Special policy that requires the beneficiary to use in-network hospitals/providers
  - Only offered in some states
  - Generally lower premiums than other Medigap policies, but if you go out-of-network the plan may not pay (or may pay very little)
  - Can switch plans at any time to another of equal or lesser value
Medigap costs

- Each company sets its own costs
- 3 different cost structures (not all states allow all 3 types)
  - Community-rated/no age-rated
    - All beneficiaries pay same monthly premium rate
    - May be adjusted for inflation/other factors but not age
  - Issue/entry age-rated
    - Based on age of person at enrollment
    - Lower for younger enrollees, but don’t change as they age except for inflation/other factors
  - Attained age-rated
    - Based on current age
    - Goes up as beneficiary ages
## Comparing Medigap among companies

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<tr>
<th></th>
<th>Acme Co. Plan D</th>
<th>Sunshine Co. Plan D</th>
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<tr>
<td><strong>Monthly Premium</strong></td>
<td>$169.00 ($2,028 annual)</td>
<td>$140.00 ($1,680 annual)</td>
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Other cost considerations

- Discounts (e.g., for non-smokers, women, married couples each carrying the policy, paying premiums annually)
- Beneficiary is subject to medical underwriting
- Beneficiary has a plan that was bought before 1/1/06 that covers prescription drugs
  - Note: This coverage is not considered “creditable coverage” under Part D; a switch to Part D may incur late enrollment penalty
- Enroll in a Medigap plan with a high deductible option or higher cost sharing
- Starting in 2020, Medigap will no longer cover the Part B deductible ($147 in 2015) for new enrollees
  - Pre-2020 policies will continue to cover the Part B deductible
Medical considerations

- Medical underwriting: When a company can look at a person’s health history when applying for coverage
  - Can result in higher premiums or refusal of coverage
- Pre-existing condition: Condition treated/diagnosed 6 months before Medigap coverage starts
  - Companies can refuse to cover costs associated with pre-existing condition for up to 6 months if the person did not have continuous prior “creditable coverage”
- Affordable Care Act did not affect these rules!
Medicare Advantage vs. Medigap
# Medicare Advantage vs. Medigap

<table>
<thead>
<tr>
<th>Medicare Advantage</th>
<th>Medigap</th>
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<tbody>
<tr>
<td>Medicare coverage provided through the MA plan</td>
<td>Only supplements Medicare coverage; secondary payer</td>
</tr>
<tr>
<td>Generally pay Part B premium plus an MA plan premium; sometimes plan may pay part of Part B premium</td>
<td>Monthly premium separate from Part B premium</td>
</tr>
<tr>
<td>Many include prescription drug coverage</td>
<td>Policies sold after 1/1/06 cannot include prescription drug coverage; beneficiaries must join Part D</td>
</tr>
<tr>
<td>Must see providers in-network or face higher cost-sharing</td>
<td>Can see any provider that accepts Medicare (unless in Medicare SELECT)</td>
</tr>
<tr>
<td>Coverage and costs can change significantly year-to-year</td>
<td>Coverage package remains consistent; cost increases follow set pattern</td>
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<tr>
<td>Can switch plans annually without penalty during Open Enrollment (Oct. 15 – Dec. 7)</td>
<td>Can apply switch plans at any time, but may not be able to pick up different policy with pre-existing conditions</td>
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<tr>
<td>Limits on out-of-pocket spending</td>
<td>No limits on out-of-pocket spending</td>
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Medicare Advantage vs. Medigap

- MA and Medigap do not work together
- It is illegal for someone to sell a client a Medigap policy if they know the person is enrolled in Medicare Advantage
- Technically, someone who has Original Medicare + Medigap can enroll in Medicare Advantage, but Medigap won’t fill any cost gaps
  - Anyone enrolling in MA is advised to drop their Medigap policy
Medigap Enrollment & Your Clients’ Rights
When to enroll: Medigap Open enrollment

- Everyone at age 65 or older gets **one** 6-month Open Enrollment Period to enroll in Medigap
- Corresponds to **when a person first enrolls in Part B**
  - Example: John turns 65 and signs up for Original Medicare (Parts A & B) to begin during his birthday month (June). John has a 6-month window beginning in June to enroll in Medigap.
  - Example: Paula has employer-sponsored health coverage and continues to work past age 65. She delays Part B until she stops working at age 67. Paula enrolls in Part B during her Special Enrollment Period following the end of her active employment, and also gets a 6-month window to enroll in Medigap once she signs up for Part B.
When to enroll: Medigap Open enrollment (cont.)

- During the Medigap open enrollment period, a person can buy any Medigap plan offered in their state.
- Anyone (aged 65+, unless your state rules say otherwise) cannot be denied a Medigap policy based on medical underwriting during their open enrollment period.
  - Plans must charge the best available rate as offered to anyone else meeting client’s criteria (age/gender/place of residence).
  - Plans can still require underwriting, but cannot refuse coverage because of it.
The pre-existing condition waiting period

- A plan can impose a waiting period for pre-existing conditions if there was a break in coverage longer than 63 days in the 6 months before the Medigap application.

- A person can avoid/shorten this pre-existing condition waiting period if he/she had “creditable coverage” (different than Part D creditable coverage):
  - At least 6 months continuous prior to enrollment in Medigap.
  - No break in coverage for more than 63 days.
How the pre-existing condition waiting period works

Calculating Pre-Existing Wait Periods

Your Medigap plan’s standard pre-existing wait period - The number of months you had prior creditable coverage = Your pre-existing wait period

*Most forms of health coverage count as “creditable” if there is no break in coverage of more than 63 days
Guaranteed issue rights

- Specific circumstances to purchase a Medigap plan regardless of medical underwriting
- No pre-existing condition waiting period
- Most states apply these rights only to those 65 and older
- During these times, people have a 63-day window to exercise these rights and enroll in most Medigap plans without coverage denial/rate increases
Guaranteed issue rights (cont.)

- **When do these rights apply?**
  - If a person has Medicare + group coverage (that pays after Medicare) and loses that group coverage
  - If a person enrolls in Medicare Advantage when they first join Medicare, and decides to leave MA during the first 12 months
  - If someone has Medicare SELECT or a Medicare Advantage plan that either goes bankrupt, commits fraud, exits Medicare, or the person moves out of the plan’s service area
  - If a person drops Medigap to join Medicare Advantage but then decides to switch back in the first 12 months of enrollment

- **Client may not be able to enroll in every Medigap plan**
Other rights

- “Free look” period: 30 day trial to cancel policy and get a refund
- Automatic renewal: As long as the person pays their premium, they keep their plan/no annual renewal required
Medigap for those under age 65

- Individuals who enroll in Medicare based on disability or End Stage Renal Disease do **not** always have an Open Enrollment Period to buy a Medigap policy when they enroll in Medicare
  - According to federal law
- However, some states do require plans to sell policies to younger adults with ESRD/disabilities and Medicare who qualify
  - [http://www.medicare.gov/supplement-other-insurance/when-can-i-buy-medigap/when-can-i-buy-medigap.html](http://www.medicare.gov/supplement-other-insurance/when-can-i-buy-medigap/when-can-i-buy-medigap.html)
Switching Plans/Disenrollment/Suspending Coverage
Switching Medigap plans

- Unlike Medicare Advantage and Part D plans, your client with Medigap has not set enrollment period to switch plans
  - Can apply to change policies at any time
  - BUT plans can subject the client to medical underwriting (unless your state laws say otherwise) and refuse coverage outside of open enrollment and guaranteed issue periods

- There is always an opportunity to apply for a different plan/cancel the plan during the 30-day “free look” period after first enrolling in a new plan
Switching Medigap plans: Trial rights

- Trial rights apply during the first 12 months someone has Medicare coverage and in the following scenarios:
  - A person joins a Medicare Advantage plan when first enrolling in Medicare and then decides she would rather leave that plan to take Original Medicare
  - A person dropped a Medigap policy to enroll in Medicare Advantage or a Medicare SELECT plan, but now wants to leave that plan and reenroll in Medigap (only applies first time)
    - Right to buy same policy as before if still offered by company
    - If that policy is not available, can buy any Plan A, B, C, F, K or L
- Client can apply 60 days before coverage ends, but no later than 63 days after coverage ends
Disenrollment: A word of caution

- Clients who choose to disenroll from Medigap entirely after the trial right period should be strongly cautioned that they may not be able to pick up a plan again, or may face significant cost increases due to medical underwriting.
Suspending Medigap

- In certain circumstances, someone enrolled in Medigap may suspend their coverage until later
  - Applies to when someone picks up employer health insurance through their job (or is a dependent of someone who gets coverage through their employer)
  - Federal law applies to people with Medicare & Medigap who are under 65 (though states may offer this right to those 65+)
  - Can get Medigap again within 90 days of losing that coverage
- Can also suspend/put on hold if client gets Medicaid
  - Must send letter to insurance company
  - Can suspend for up to 2 years
  - This includes all forms of Medicaid, including MSPs
Sample Scenarios
Sample scenario: Carmen

- Carmen turned 65 last December, and enrolled in a Medicare Advantage plan
- She was diagnosed with breast cancer in March
- Carmen is unhappy with her MA plan and wants to leave it; she’s unsure whether she should choose another MA plan or Original Medicare + Medigap
- Carmen asks you: Do I need to wait until Annual Enrollment to leave my MA plan? Can I buy a Medigap plan if I go back to Original Medicare? Will my chemotherapy and cancer treatment be covered by Medigap?
Sample scenario: Help Carmen

- To switch between MA plans, Carmen will need to wait until Medicare Annual Open Enrollment (Oct. 15 – Dec. 7) with coverage starting Jan. 1
- Because Carmen is in her 12-month trial right window, she can leave MA and pick up Original Medicare + Medigap
- Compare costs with Carmen to see whether a different MA plan/Medigap represents the best option
  - Medicare Plan Finder probably won’t have next year’s MA plan info up until early fall
  - Remember to check drug coverage costs too if Carmen’s current MA plan includes it, because if she decides to leave MA she’ll need to pick up Part D
Sample scenario: Terrance

- Terrance is 36 years old, lives in Oregon, and is a paraplegic as a result of a car accident.
- Terrance receives SSDI, and is just entering his 24th month and about to get Medicare (he has Marketplace coverage now).
- Terrance asks you: Can I pick up a Medigap plan once my Medicare kicks in?
Sample scenario: Help Terrance

- First, check with your state insurance department about their rules for Medigap for persons with disabilities
  - Oregon does have Medigap policies available for those under 65 with disabilities who qualify for Medicare

- Check with different plans to compare costs with Terrance
  - Does it make sense for Terrance to enroll in Medigap? Will he be subject to medical underwriting?
  - Can he actually afford Medigap premiums and cost-sharing?
  - Does he qualify for Medicare Savings Programs/Medicaid/LIS?
  - Is a Medicare Advantage plan a good option?

- Make sure Terrance disenrolls from his Marketplace plan!
Sample scenario: Dorothy

- Dorothy is 69 years old; she enrolled in Part A at age 65 but delayed Part B while still working
- She retired from her job 3 years ago
- When she retired, she enrolled in Part B, and kept her retiree coverage
- Dorothy’s retiree coverage premiums and cost-sharing are going up and she wants to leave her retiree plan
- Dorothy asks you: Can I pick up a Medigap plan and drop my retiree insurance?
Sample scenario: Help Dorothy

- If Dorothy wants to voluntarily drop her retiree coverage, she does **not** get guaranteed issue rights
  - She may still be able to pick up a Medigap plan, but could be refused coverage and subject to medical underwriting
- If the retiree plan dropped Dorothy (i.e., her coverage was involuntarily severed), she would get guaranteed issue rights and a 63-day window to pick up Medigap
- It might make sense to look at whether dropping her retiree plan and joining Medicare Advantage during Annual Enrollment is a more affordable option for Dorothy
Resources
Resources

- **Choosing a Medigap Policy** (official Medicare publication):
  
  http://www.medicare.gov/Publications/Pubs/pdf/02110.pdf
- Medigap costs, enrollment and more:
  
  http://www.medicare.gov/supplement-other-insurance/index.html
- State insurance departments:
  
  http://www.naic.org/state_web_map.htm
Other resources

- **My Medicare Matters**: [www.mymedicarematters.org](http://www.mymedicarematters.org)
  - Consumer information on Medicare enrollment
  - Medicare QuickCheck™ tool to provide specific advice on personal situation

- **Medicare Interactive**: Common questions and answers from Medicare Rights Center: [www.medicareinteractive.org](http://www.medicareinteractive.org)

- **BenefitsCheckUp®**: (screen for Medicaid, Medicare Savings Programs, other benefits): [www.benefitscheckup.org](http://www.benefitscheckup.org)
Presenters:
Brandy Bauer
brandy.bauer@ncoa.org

www.ncoa.org
www.ncoa.org/centerforbenefits
Social media: @NCOAging