The Pennsylvania Insurance Department's

PAHealthOptions.com

Your Guide to Choosing a

MEDIGAP POLICY

Understanding Medicare supplement insurance

Medicare supplement insurance – often called "Medigap" – is private health insurance designed to help pay healthcare costs that aren't covered by Medicare. Each Medigap plan covers different costs and services.

This guide will provide a brief overview of Medicare, what Medigap coverage is, what the different Medigap plans cover and how to buy a Medigap policy. It will also answer questions people often have about Medigap coverage.

Medicare eligible employees/retirees may be able to get group coverage that will supplement their Medicare from their current or former employer. This coverage may offer more comprehensive benefits at a cheaper rate and is different from the standardized individual plans discussed here. Check with your employer for details.

Learn more at **PAHealthOptions.com**

WHAT IS MEDICARE?

- Medicare is a federal health insurance program for people age 65 or older, younger than age 65 with certain disabilities and any age with permanent kidney failure, also called End-Stage Renal Disease (ESRD).
- To qualify for Medicare, you must be a legal citizen and have been in the United States for at least five years.
- Like other insurance plans, there are maximum benefits, exclusions and other requirements. You pay monthly premiums and are sometimes responsible for out-of-pocket deductibles and co-payments.

THERE ARE TWO TYPES OF MEDICARE COVERAGE.

1. **ORIGINAL MEDICARE:** is coverage under which the government pays your healthcare providers directly. Original Medicare has two parts:
   - **MEDICARE PART A IS HOSPITAL INSURANCE.** It helps cover costs if you are in the hospital, a skilled nursing facility, hospice or home healthcare.
   - **MEDICARE PART B IS MEDICAL INSURANCE.** It helps cover services from doctors and other healthcare providers, as well as the cost of hospital outpatient care, durable medical equipment, home healthcare and preventive services.

Enrollment in Medicare Part A and Part B
You may be automatically enrolled in Medicare Part A, but if you are not, sign up as soon as you are eligible. Be sure to also sign up for Part B as soon as you are eligible. Otherwise, you may face late enrollment penalties. Parts A and B work togeter, so you need to be enrolled in both.

You will need to sign up for Part A and Part B on your own if:

- Are not receiving Social Security or Railroad Retirement Board (RRB) benefits.
- Qualify for Medicare because you have ESRD.

You should apply three months before your 65th birthday. You can apply:

- Online at www.socialsecurity.gov/medicareonly
- In person at your local Social Security office.
- By phone at 1-800-772-1213 (if you worked for a railroad, call the RRB at 1-877-772-5772.

2. **MEDICARE ADVANTAGE:** plans are Medicare-approved health plans run by private insurance companies. They combine both the hospital (Part A) and medical (Part B) components of coverage into one plan. Medicare Advantage Plans are called Medicare Part C.

Medicare Part D is prescription drug coverage. Some Medicare Advantage Plans include Medicare Part D. If you are covered by Original Medicare, you may purchase Part D coverage through a Medicare-approved prescription drug plan (PDP).

Medicare Part A is hospital insurance. Medicare Part B is medical insurance.
Medicare Part C is a Medicare Advantage Plan. Medicare Part D is prescription drug coverage.

For more information on Medicare, please visit www.Medicare.gov.

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WHAT IS MEDIGAP?

(Medicare Supplement Insurance)

Overview of Medigap · Who sells Medigap policies?
What do Medigap policies cost?

THREE IMPORTANT THINGS TO KNOW ABOUT MEDIGAP POLICIES.

- Medigap is private health insurance you have the option to purchase yourself. It wraps around your Medicare coverage and fills in the gaps.
- If you are covered under a Medicare Advantage Plan (Medicare Part C), you cannot purchase Medigap coverage.
- One policy will not cover both you and your spouse. You would need to purchase individual policies.

OVERVIEW OF MEDIGAP.

Medicare Supplement Insurance – often called "Medigap" – is private health insurance designed to help pay some healthcare costs that aren't covered by Medicare, such as co-payments, coinsurance and deductibles. You must have Medicare Parts A and B to purchase a Medigap policy. If you have a Medicare Advantage Plan, also known as Medicare Part C, you cannot purchase a Medigap policy.

When you have a healthcare expense, Medicare (Parts A and B) will pay Medicare-approved amounts first, then the Medigap policy will pay its part.

Each Medigap plan covers different costs and services. Medicare and Medigap plans are named by letter. The following table show what each plan covers. Medigap policies generally don't cover Long-Term Care, vision or dental care, hearing aids, eyeglasses or private-duty nursing. As with any insurance policy, review the policy language closely so you understand what is or is not covered.

NOTE: Plans E, H, I and J are no longer sold, but if you already have one, you may keep it.

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MEDIGAP PLANS

HOW TO READ THE CHART:

If a check mark appears in a column of this chart, the Medigap policy covers 100 percent of the described benefit. If a row lists a percentage, the policy covers that percentage of the described benefit. If a row is blank, the policy doesn't cover that benefit. Note: The Medigap policy covers coinsurance only after you have paid the deductible (unless the Medigap policy also covers the deductible).

MEDIGAP BENEFITS	MEDIGAP PLANS									
	A	B	C	D	F*	G	K**	L**	M	N
Medicare Part A Coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	√	√	√	√	√	√	√	√	√	√
Medicare Part B Coinsurance or Copayment	√	√	√	√	√	√	50%	75%	√	√***
Blood (First 3 Pints)	√	√	√	√	√	√	50%	75%	√	√
Part A Hospice Care Coinsurance or Copayment	√	√	√	√	√	√	50%	75%	√	√
Skilled Nursing Facility Care Coinsurance			√	√	√	√	50%	75%	√	√
Medicare Part A Deductible		√	√	√	√	√	50%	75%	50%	√
Medicare Part B Deductible			√		√					
Medicare Part B Excess Charges					√	√				
Foreign Travel Emergency (Up to Plan Limits)			√	√	√	√			√	√

SOURCE: Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare, Developed jointly by the Centers for Medicare & Medicaid Services (CMS) and the National Association of Insurance Commissioners (NAIC), 2012.

*Plan F also offers a high-deductible plan. If you choose this option, this means you must pay for Medicare-covered costs up to the deductible amount before your Medigap plan pays anything.

**Plans K and L have out-of-pocket annual limits. After you meet your out-of-pocket yearly limit and your yearly Part B deductible, the Medigap plan pays 100 percent of covered services for the rest of the calendar year.

***Coinsurance is covered except copayments are required for certain office or emergency room visits. Review the plan carefully to understand the details.

WHO SELLS MEDIGAP PLANS?

Medigap policies are sold by private insurance companies. Companies may charge different amounts for a policy, but the benefits are identical. That means, for example, every Plan A will offer the exact same benefits regardless of which company sells it.

WHAT DOES A MEDIGAP POLICY COST?

You will pay a monthly premium for your Medigap policy. Each insurance company sets its own prices for Medigap policies, subject to PA Insurance Department approval. Prices for Medigap policies can be set in one of three ways:

1. COMMUNITY-RATED PRICING

- The premium is not based on your age.
- The same premium is charged to everyone.

2. ISSUE-AGE-RATED (ENTRY-AGE-RATED) PRICING

- The premium is based on your age when you buy the policy.
- People who buy the policy when they are younger will pay a lower premium than those who purchase at higher ages.

3. ATTAINED-AGE-RATED PRICING

- The premium is based on your current age and goes up as you get older.
- The premium may be the least expensive at first, but can become the most expensive as you get older.

In all three cases, premiums may increase each year due to inflation and other factors.

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There are several other factors that could impact the price of your Medigap policy, including:

- **MEDICAL UNDERWRITING:** This means a company considers your medical history when deciding how much to charge you for insurance. Companies may not use medical underwriting during your open enrollment period.
- **DISCOUNTS:** Some companies offer discounts. These could be for things like being a non-smoker, paying your premium yearly (instead of monthly), purchasing coverage for both you and your spouse or having multiple policies with the same company, such as a Medigap policy and a long-term care policy.
- **MEDICARE SELECT POLICIES:** These policies require you to use certain hospitals and sometimes certain doctors (except for emergencies) and are available for all Medigap plan types. Medicare SELECT plans usually charge a lower premium, but if you don't use a Medicare SELECT provider, you will have to pay all or some of what Medicare doesn't pay. Medicare SELECT plans may not be available from all insurance companies.
- **HIGH-DEDUCTIBLE OPTION (MEDIGAP PLAN F):** If you buy Medigap Plan F with the high-deductible option, each year you will be responsible for all deductibles, co-payments and coinsurance until you have satisfied the high deductible, at which point your policy will begin to pay benefits. The deductible is adjusted annually based on the Consumer Price Index. Because you are responsible for paying the high deductible, the premium for this policy is generally much lower than the premium for other plans that do not include the high deductible option.

Your premium may also be affected by your Medigap open enrollment period and guaranteed issue rights which are explained in the following section.

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BUYING A MEDIGAP POLICY

Open Enrollment · Guaranteed Issue Rights · How to Buy a Medigap Policy

OPEN ENROLLMENT

Each individual has a specific Medigap open enrollment period. Open enrollment starts on the first day of the month in which you first enrolled in Medicare Part B. The open enrollment period lasts for six months. During your open enrollment, an insurance company must offer every plan it sells and may not use medical underwriting or consider your medical history to:

- Refuse to sell you a Medigap policy.
- Charge you more for a Medigap policy.
- Make you wait for coverage to start (however, they may be able to make you wait for coverage related to a pre-existing condition).

If you do have a medical condition that existed within the six-month period before you purchased your Medigap policy, this condition may not be covered during the first six months of your coverage unless you had prior creditable coverage such as group health insurance, individual health insurance, Medicare or Medical Assistance.

You will most likely get the best price for a Medigap policy during your Medigap open enrollment period. Remember, your Medigap open enrollment period is different than open enrollment for Medicare Advantage plans.

Learn more at **PAHealthOptions.com**

GUARANTEED ISSUE RIGHTS

There are certain periods of time when you have the right to purchase a Medigap policy. During these times, Medigap insurance companies must sell or offer you a Medigap policy without placing conditions on the policy (such as not covering pre-existing conditions) or charging you a higher premium because of a past or present health problem.

You have a guaranteed issue right if...	You have the right to buy...	You can/must apply for a Medigap policy...
• You're in a Medicare Advantage Plan. • Your plan is leaving Medicare or stops giving care in your area. • You move out of the plan's service area.	Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company. You only have this right if you switch to Original Medicare rather than join another Medicare Advantage Plan.	* As early as 60 calendar days before the date your healthcare coverage will end, but no later than 63 calendar days after your healthcare coverage ends. Medigap coverage can't start until your Medicare Advantage Plan coverage ends.
• You have Original Medicare. • An employer group health plan (including retiree or COBRA coverage). • Union coverage that pays after Medicare pays and that plan is ending. **NOTE:** In this situation, you may have additional rights under state law.	Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company. If you have COBRA coverage, you can either buy a Medigap policy right away or wait until the COBRA coverage ends.	No later than 63 calendar days after the latest of these dates: 1. Date the coverage ends 2. Date on the notice you get telling you that coverage is ending (if you get one) 3. Date on a claim denial, if this is the only way you know that your coverage ended
• You have Original Medicare and a Medicare SELECT policy. You move out of the Medicare • SELECT policy's service area. Call the Medicare SELECT insurer for more information about your options.	Medigap Plan A, B, C, F, K, or L that's sold by any insurance company in your state or the state you're moving to.	• As early as 60 calendar days before the date your Medicare SELECT coverage will end, but no laterthan 63 calendar days after your Medicare SELECT coverage ends.

You have a guaranteed issue right if...	You have the right to buy...	You can/must apply for a Medigap policy...
(Trial Right)* You joined a Medicare Advantage Plan or Programs of All-inclusive Care for the Elderly (PACE) when you were first eligible for Medicare Part A at 65, and within the first year of joining, you decide you want to switch to Original Medicare.	Any Medigap policy that's sold in your state by any insurance company.	As early as 60 calendar days before the date your coverage will end, but no later than 63 calendar days after your coverage ends. **NOTE:** Your rights may last for an extra 12 months under certain circumstances.
(Trial Right)* You dropped a Medigap policy to join a Medicare Advantage Plan (or to switch to a Medicare SELECT policy) for the first time, you have been in the plan less than a year, and you want to switch back.	The Medigap policy you had before you joined the Medicare Advantage Plan or Medicare SELECT policy, if the same insurance company you had before still sells it. If your former Medigap policy **isn't** available, you can buy Medigap Plan A, B, C, F, K or L that's sold in your state by any insurance company.	As early as 60 calendar days before the date your coverage will end, but no later than 63 calendar days after your coverage ends. **NOTE:** Your rights may last for an extra 12 months under certain circumstances.
Your Medigap insurance company goes bankrupt and you lose your coverage, or your Medigap policy coverage otherwise ends through no fault of your own.	Medigap Plan A, B, C, F, K or L that's sold in your state by any insurance company.	No later than 63 calendar days from the date your coverage ends.
You leave a Medicare Advantage Plan or drop a Medigap policy because the company hasn't followed the rules, or it misled you.	Medigap Plan A, B, C, F, K or L that's sold in your state by any insurance company.	No later than 63 calendar days from the date your coverage ends.

SOURCE: Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare, Developed jointly by the Centers for Medicare & Medicaid Services (CMS) and the National Association of Insurance Commissioners (NAIC), 2012.

*In some cases, you have the right to *try* a Medicare Advantage Plan and still buy a Medigap policy if you change your mind.

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HOW TO BUY A MEDIGAP POLICY.

1. Review the benefits of each plan and decide which plan best fits your needs (Page 4).
2. Check the listing of companies licensed to sell Medigap policies in Pennsylvania at PaHealthOptions.com.
3. Call the companies that sell the type of Medigap policy you want.
4. Compare the cost of the policies.
5. Decide on a Medigap policy that's right for you.

When buying a Medigap policy, remember:

- Not all companies sell all the different Medigap plans.
- Insurance companies may charge different premiums for the same Medigap policy.

Learn more at **PAHealthOptions.com**

WATCH OUT FOR ILLEGAL INSURANCE PRACTICES.

It's illegal for anyone to:

- Pressure you into buying a Medigap policy, or lie to or mislead you to switch from one company or policy to another.
- Sell you a second Medigap policy when they know that you already have one, unless you tell the insurance company in writing that you plan to cancel your existing Medigap policy.
- Sell you a Medigap policy if they know you have Medical Assistance (also called Medicaid in Pennsylvania). There are exceptions in certain situations.
- Sell you a Medigap policy if they know you're in a Medicare Advantage Plan (like an HMO, PPO or Private Fee for Service Plan) unless your coverage under the Medicare Advantage Plan will end before the effective date of the Medigap policy.
- Claim that a Medigap policy is part of the Medicare Program or any other federal program. Medigap is private health insurance.
- Claim that a Medicare Advantage Plan is a Medigap policy.
- Sell you a Medigap policy that has not been approved in Pennsylvania. Check with the Pennsylvania Insurance Department to make sure that the Medigap policy you're interested in is sold in your state.
- Misuse the names, letters, or symbols of the U.S. Department of Health & Human Services (HHS), Social Security Administration (SSA), Centers for Medicare & Medicaid Services (CMS) or any of their various programs like Medicare. (For example, they can't suggest the Medigap policy has been approved or recommended by the Federal government.)
- Claim to be a Medicare representative if they work for an insurance company that sells Medigap plans.
- Sell you a Medicare Advantage Plan when you say you want to stay in Original Medicare and buy a Medigap policy. A Medicare Advantage Plan isn't the same as Original Medicare. If you enroll in a Medicare Advantage Plan, you may not use a Medigap policy.

If you believe the law has been broken, please call the Pennsylvania Insurance Department at 1-877-881-6388.

SOURCE: Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare, Developed jointly by the Centers for Medicare & Medicaid Services (CMS) and the National Association of Insurance Commissioners (NAIC), 2012.

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FREQUENTLY ASKED QUESTIONS

I AM UNDER AGE 65 BUT HAVE A DISABILITY OR END-STAGE RENAL DISEASE (ESRD). CAN I BUY A MEDIGAP POLICY?

Yes. In Pennsylvania, Medigap insurance companies are required to sell you a Medigap policy if you are in your open enrollment period.

WHAT IF I HAVE A MEDICARE ADVANTAGE PLAN BUT WILL BE RETURNING TO ORIGINAL MEDICARE. CAN I BUY A MEDIGAP POLICY?

Yes. You can apply for a Medigap policy before your Medicare Advantage Plan coverage ends. Make sure you have continuous coverage – the new policy should start no later than when your Medicare Advantage Plan coverage ends.

I JUST RECEIVED MY POLICY AND HAVE CHANGED MY MIND. WHAT CAN I DO?

You have 30 days from the date you received the policy to review it. If you return the policy within this timeframe, the insurance company must refund in full the premium you paid.

WHAT IF I WANT TO CANCEL MY MEDIGAP POLICY?

You may cancel your Medigap policy by writing to your insurance company. You must contact the insurance company directly; your insurance agent may not cancel the policy for you.

CAN MY INSURANCE COMPANY CANCEL MY POLICY IF I HAVE HEALTH PROBLEMS?

No. Standardized Medigap policies are guaranteed renewable. The insurance company may not cancel your Medigap policy as long as you pay the premium.

DO MEDIGAP POLICIES COVER PRESCRIPTION DRUGS?

No. Medigap policies sold after January 1, 2006, do not include prescription drug coverage. If you want prescription drug coverage, you must join a Medicare Prescription Drug Plan (Part D).

CAN THE INSURANCE COMPANY MAKE ME WAIT FOR COVERAGE BECAUSE OF A PRE-EXISTING CONDITION?

Yes. If a condition was treated or diagnosed within six months before your Medigap coverage starts, the insurance company may refuse to cover your out-of-pocket expenses for your pre-existing health condition for up to six months. However, if you are purchasing during the open enrollment period and had prior creditable coverage, this period may be shorter or eliminated.

I CANNOT AFFORD A MEDIGAP POLICY. IS THERE ANYTHING I CAN DO TO PROTECT MYSELF?

You may be eligible for the Qualified Medicare Beneficiary Program. This is a Medical Assistance program that pays for Medicare Part B's monthly premium, your hospital deductible, your 20 percent co-payment for doctor visits and your deductible for physician charges. To see if you qualify, call the Pennsylvania Department of Public Welfare at 1-800-842-2020.

I AM A RETIRED FEDERAL, STATE OR MUNICIPAL EMPLOYEE. I HAVE BENEFITS THROUGH MEDICARE AND MY FEDERAL, STATE OR MUNICIPAL BENEFIT PLAN. SHOULD I CONSIDER A MEDIGAP PLAN?

You may have better benefits under your current plan. Ask a benefits coordinator from your employee group to review your benefits with you. It is unlikely that you need to replace your coverage with a Medigap plan. But, it is always best to check.

I'M CONFUSED. CAN ANYONE HELP ME FIGURE THIS OUT?

Yes. Free, one-on-one counseling is available in your community through the APPRISE Health Insurance Counseling Program. Call 800-783-7067 weekdays from 9 a.m. to 4 p.m. You may also go to www.aging.state.pa.us and click on "Health and Wellness."

Learn more at **PAHealthOptions.com**