

INSURANCE FACTS
for Pennsylvania Consumers

Your Guide to
Medicare
Supplement
Insurance

1-877-881-6388

Toll-free Automated *Consumer Line*

www.insurance.pa.gov

Pennsylvania Insurance Department Web Site

HIGHLIGHTS OF MEDIGAP INSURANCE LAWS AND REGULATIONS

In 1990 Congress passed a law requiring all states to comply with certain standards for Medigap insurance which supplements Medicare's coverage. The new law protects consumers by restricting certain sales practices of insurance agents and companies. It also simplifies policies by limiting the types of plans that can be sold and by specifying exactly what benefits each plan must contain.

- You only need one Medigap policy. Agents must ask if you have other coverage and must indicate on the application that you intend to replace your old policy (if you have one) with the new policy.
- If you have an existing Medigap policy, the agent must make a fair and accurate comparison of the policies. It is unlawful to make an inaccurate or misleading comparison to sell new coverage.
- Agents must give you an outline of coverage that summarizes the features of the policy.
- Agents cannot pressure you to buy a policy by using high-pressure tactics such as frightening you about your present company or policy, or about changes in Medicare.
- When you apply for a Medigap policy, agents must ask if you are eligible for Medicaid. If you are eligible for Medicaid, you may not need a Medigap policy.
- Companies must provide an open enrollment period of six months beginning with the first day of the first month in which the person enrolls in Medicare Part B. This applies to individuals 65 and older as well as those under age 65 who are eligible for Medicare because of a disability.
- During the open enrollment period, the company must make available all plans it sells.
- During this initial six-month period, companies cannot refuse to cover you because of your health conditions. However, if you have a medical condition that existed six months 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 Medicaid.*
- Under the Balanced Budget Act of 1997, the Federal Government created the Medicare+Choice Program to expand the options of medicare eligible individuals beyond basic Medicare and HMO's. The new law requires companies to issue certain Medigap policies on a guaranteed basis (guaranteed issue) to individuals disenrolling from Medicare+Choice plans under certain circumstances.
 - If you enroll in a Medicare+Choice Health Plan when you first become eligible for Medicare and you decide to return to the original Medicare within 12 months, you are guaranteed the right to purchase any Medigap policy offered by any company that sells Medigap insurance in Pennsylvania.
 - You are guaranteed the right to buy Medigap Plans, A, B, C & F when the following conditions apply: 1) the Medicare+Choice Health Plan that you are enrolled in decides not to serve Medicare beneficiaries in your county, 2) you move to an area where your Medicare+Choice Health plan does not offer coverage or 3) your current Medigap insurance company decides not to offer Medigap insurance.
 - Federal requirements also provide for another open enrollment period at age 65 for those individuals who were eligible for Medicare before age 65 due to a disability.
 - You are guaranteed the right to re-purchase your Medigap policy if you disenroll from the original Medicare program, you enroll in a Medicare+Choice Health Plan for the first time and then decide to disenroll from the Medicare+Choice Health Plan and return to original Medicare within 12 months.

- Medigap policies can require a maximum waiting period of six months for pre-existing conditions. However, if you are replacing a Medigap policy and you have met your pre-existing condition requirement, the new company must waive the waiting period for pre-existing conditions for any replacement policy. You no longer have to pay premiums for two policies to have continuous coverage.
- You have 30 days from the date you received the policy to review the policy. If you return the policy within this time period, the company must refund in full the premium you paid.
- The Balanced Budget Act of 1997 created a new option for Medigap insureds, a high deductible option. The high deductible option will be offered only with Plan F or Plan J. This high deductible plan will pay the same benefits as provided under Plan F and J after the out of pocket deductible has been met each year. The deductible amount for

2000 is \$1,530. In subsequent years this amount will be increased by the Consumer Price Index. Out of pocket expenses, including Part A and Part B deductible, which would normally be paid by the policy, are subject to the high deductibles for these plans. For the prescription drug and foreign travel benefits, the high deductible requirements and the specific benefit deductible must be met before the insurer will reimburse an insured for expenses for either of these benefits.

- Insureds will not be required to choose this high deductible option if they purchase Plan F or J since both plans will remain available without the high deductible option.
- The guaranteed issue period is in effect for 63 days from the date of the notification of termination letter and 63 days from the date of termination of your coverage.

QUESTIONS & ANSWERS

If I already have a Medigap policy, will I be able to buy one of the standardized plans?

Maybe. You can apply for a policy. However, unless you are eligible for open enrollment or guaranteed issue when disenrolling from a Medicare+Choice plan, companies may reject your application because of your current health condition. If you are accepted for coverage, you should not have to meet any pre-existing condition waiting periods to have continuous coverage.

I will turn 65 within the next few months. What should I do about Medigap insurance?

First, learn what Medicare covers and what gaps you want covered with a Medigap policy. Don't forget to ask your employer if your current policy will convert to a supplement after you are eligible for Medicare. If you or your spouse do not have employer or union group coverage, then select one of the ten plans that offers you the benefits you want at the best price. If you apply for Medigap insurance within six months after you

enroll in Medicare Part B, or qualify for guaranteed issue when disenrolling from a Medicare+Choice plan, companies must accept you regardless of any health conditions you have, and they cannot charge you more than they charge others of the same age.

I am already 65 and I have coverage through my former employer. What should I do?

If you are satisfied with your coverage and pay no more than a comparable private insurance policy would cost, you do not need to do anything. If your policy is expensive or has very high deductibles or co-payments, you might want to purchase a standardized Medigap plan. Do not drop your current coverage until you have been accepted by a new policy. If your employer group health plan does not offer the same benefits as a Medicare supplement, you should inquire if your employer would be willing to purchase a Medigap policy for you. Other-wise, you may want to consider purchasing a Medigap plan in addition to current coverage through your former employer.

I am a retired federal, state or municipal employee with benefits through Medicare and my federal, state or municipal benefit plan. Should I change to one of the standard plans?

You probably have better benefits through your plan than you can get through any of the standardized Medigap plans. You should carefully review your current benefits with a representative from your group. It is unlikely that you need to replace your coverage.

I plan to continue working after I am 65. What do I need to do?

If you work for an employer with 20 or more employees and are covered by health insurance, or you are married to someone who does, you

probably have comprehensive coverage. The employer plan pays first and Medicare pays second. You should not enroll in Medicare Part B until you stop working. When you stop working, you may be able to convert your employer plan to a Medicare supplement. Otherwise, you can purchase one of the standard plans.

I cannot afford a Medigap policy. Is there anything I can do to protect myself?

Depending on your income, you might be eligible for Qualified Medicare Beneficiary, a special Medicaid program that pays for the Part B monthly premium, and covers your hospital deductible plus your 20 percent co-payment and deductible for physician charges. Check with the Pennsylvania Department of Public Welfare at 1-800-842-2020.

TIPS FOR CONSUMERS

- In Pennsylvania you can choose one of ten Medicare supplement policies with two new plan options being added in 1999. The ten plans are identical from company to company. Plan benefits are described in the chart. The same chart will be included in every company's sales material.
- Compare the benefits offered by each plan. Every company must use the same letters (A through J) to label its policies. Plan A will always be a company's lowest-priced Medicare supplement policy. It contains valuable basic benefits and must be sold by every company selling Medigap coverage. Plan B, which provides the Medicare Part A hospital deductible in addition to the basic benefits, must also be sold by every company. Plans C through J add other benefits to fill different gaps in your Medicare coverage and need not be sold by every company.

- You do not need to purchase the most comprehensive and expensive plan you can afford. In many cases the most expensive plans may not provide the best value for your money.

Furthermore, the costs of most medigap policies are likely to increase substantially in the future. If you buy a policy that you can barely afford today, you may be forced to drop it when you get older because the rates may increase faster than your income.

Remember, even if you buy a comprehensive plan, you will still have uncovered expenses.

- You do not need more than one policy. If you already have a policy and want better benefits, you can **replace** it with a new one. Once you receive the new policy you should cancel the old one.

TIPS FOR CONSUMERS

- Take advantage of the open enrollment period.

When you enroll (regardless of age) in Part B, you have six months during which a company cannot deny you coverage due to a medical condition. This “open enrollment” period may be the only real opportunity for people with serious health problems to qualify for plans that offer prescription drug coverage, at-home recovery benefits or coverage of Part B excess physician charges. (Coverage for Part B excess is not necessary if services are rendered in Pennsylvania.) A company also cannot deny you coverage due to a medical condition if you qualify for guaranteed issue after disenrolling from a Medicare+Choice plan. When comparing costs, look at the premium for your age now and for several years from now.

Because of the wide variations in how plans are priced, use this premium guide to help you shop. A company might set a lower premium for younger ages, then increase the premiums for older ages. To select the lowest priced policy, compare premiums for your current age and at least for the next five years.

- Don’t be overly concerned about whether or not your plan includes coverage of the Part B deductible.

Unless you never go to the doctor, you are going to pay this \$100 charge one way or another, either through insurance or out-of-pocket. The cost of this benefit is likely to be at least as much as the potential benefit.

- Seek preventive health care, even if you don’t buy a plan with coverage for preventive services.

Preventive health care can save your life. However, the cost of the preventive health care benefit is about the same as the potential benefit received.

- Do not duplicate coverage by buying hospital indemnity or specified disease insurance in addition to a Medigap policy.

Hospital indemnity coverage is insurance that pays a fixed cash amount for each day your are hospitalized

up to a designated number of days. This type of policy is unnecessary because Medicare and your Medigap policy cover the cost of hospitalizations. (Except Plan A, which only covers the inpatient coinsurance, but does not cover the inpatient deductible.)

Specified disease insurance provides benefits for only a single disease, such as cancer, or for a group of specified diseases. Again, since Medicare and your Medigap policy cover most medical care for these diseases, you do not need a specified disease policy.

- If you have health insurance from your former employer, you may not need a Medigap policy.

Federal retirees, many state or municipal retirees, and some retirees from large corporations have health insurance through their former employer. If this insurance adequately covers the gaps in Medicare coverage, you may not need to purchase a Medigap policy.

- Medicare and Medigap plans do not cover long-term care.

Plans A and B do not include any skilled nursing care in a nursing home or at home. If you want coverage for long-term personal care at home or in a nursing home, you may want to consider private long-term care insurance. Otherwise, you can pay for this care with your personal assets. The Insurance Department offers several consumer guides on long term care insurance free of charge.

- You will generally not need a Medigap policy if you enroll in a Medicare managed care plan. Retaining or purchasing a Medigap policy after you enroll in a managed care plan means that you may be paying twice for the same coverage.

- Some people do not need Medicare supplemental insurance. If your income is low, you may qualify for a government program that will fill the gaps in your Medicare coverage. Check with the Pennsylvania Department of Public Welfare to determine if you are eligible for **Medicaid** or if you are a **Qualified Medicare Beneficiary (QMB)**.

The *Guide to Health Insurance for People with Medicare*, written by the federal government and the National Association of Insurance Commissioners, has information about Medicare as well as other health insurance. Any agent or company that offers to sell you Medicare supplement insurance must give you a copy.

Read the Outline of Coverage

The outline of coverage included with every application for Medicare supplement insurance provides more details about each of the benefits in the policy.

More Information is Available

Should you have any unresolved problems or questions, please contact the Pennsylvania Insurance Department at **1-877-881-6388**, visit the website at www.insurance.pa.gov or contact any of our regional offices:

APPRISE Program/Department of Aging

Free one-on-one counseling is also available in your community. Call APPRISE at 1-800-783-7067 to find the location of a counseling site near you.

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