



 **National Medicare**
TRAINING PROGRAM

Module 3
Medigap
(Medicare Supplement Insurance)

Training Workbook



Module 3: Medigap (Medicare Supplement Insurance)



In Module 3, we'll be learning about Medicare Supplement Insurance, usually referred to as Medigap insurance, and sometimes called "wrap-around insurance."

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 2008. To check for an updated version of this training module, visit www.cms.hhs.gov/NationalMedicareTrainingProgram/TL/list.asp on the web.

Reference: *2008 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.

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Module 3: Medigap (Medicare Supplement Insurance)

Session Topics

- Overview
- Medigap benefits
- Medigap plans
- Medigap costs
- More information

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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

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Module 3: Medigap (Medicare Supplement Insurance)

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First let's review what Medigap is, how it works, and who can get it.

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Module 3: Medigap (Medicare Supplement Insurance)

Overview

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”

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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 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.”

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Module 3: Medigap (Medicare Supplement Insurance)

Overview

What Is Medigap?

(continued)

- Health insurance policies
 - 12 standardized policies in most states
 - Plans A – L
 - Non-standard 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.

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.

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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.)

Module 3: Medigap (Medicare Supplement Insurance)

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 Medigap SELECT policy

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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.

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Module 3: Medigap (Medicare Supplement Insurance)

Overview

Medigap Is Not

- Medicare Advantage Plans
- Medicare Part B
- Medicare Prescription Drug Plans
- Medicaid
- Employer or union plan
- TRICARE
- Veterans' benefits

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So far we've talked about what Medigap is. Let's review some key points. Medigap is insurance

- Sold by private insurance companies
- It is designed to fill the gaps in Original Medicare
- There are standardized Medigap insurance plans labeled A through L
- Costs vary by plan, by company, and by where you live

Medigap can help cover costs that are not covered by Medicare. But we also need to understand what Medigap is NOT. A Medigap policy is different from:

- Medicare Advantage Plans
- Medicare Part B
- Medicare Prescription Drug Plans
- Medicaid
- An employer or union group health plan
- TRICARE, and
- Veterans' benefits

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Module 3: Medigap (Medicare Supplement Insurance)

Overview

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

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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, or
- 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.

[NOTE TO INSTRUCTOR: Omit last sentence if not presenting Lesson 2.]

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Exercise

Exercise

1. A Medigap policy works with

- A. A Medicare Advantage Plan
- B. Medicaid
- C. Original Medicare
- D. Medicare Prescription Drug Plan

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- 1. A Medigap policy works with
 - A. A Medicare Advantage Plan
 - B. Medicaid
 - C. Original Medicare
 - D. Medicare Prescription Drug Plan

NOTES:

ANSWER: C. Original Medicare

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Exercise

Exercise

2. The front of a Medigap policy must clearly identify it as

- A. Medicare Supplement Insurance
- B. Medicare Supplemental Insurance
- C. Medigap Supplement Insurance
- D. Medigap Supplemental Insurance

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- 2. The front of a Medigap policy must clearly identify it as
 - A. Medicare Supplement Insurance
 - B. Medicare Supplemental Insurance
 - C. Medigap Supplement Insurance
 - D. Medigap Supplemental Insurance

NOTES:

ANSWER: A. Medicare Supplement Insurance

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Exercise

Exercise

3. Costs for a Medigap plan may vary by

- A. Plan
- B. Company
- C. Where you live
- D. All of the above

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3. Costs for a Medigap plan may vary by

- A. Plan
- B. Company
- C. Where you live
- D. All of the above

NOTES:

ANSWER: D. All of the above

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Exercise

Exercise

4. You must have Medicare Part A and Part B to purchase a Medigap policy

- A. True
- B. False

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4. You must have Medicare Part A and Part B to purchase a Medigap policy
- A. True
 - B. False

NOTES:

ANSWER: A. True

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Exercise

Exercise

5. There are ten standardized Medigap policies, A through J, in most states

- A. True
- B. False

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5. There are ten standardized Medigap policies, A through J, in most states

- A. True
- B. False

NOTES:

ANSWER: B. False

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Session Topics

- ✓ Overview
- Medigap benefits
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- More information

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Now let's talk about Medigap benefits.

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Medigap Benefits

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 the Original Medicare Plan.

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

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

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Medigap Benefits

Gaps in Original Medicare

What you pay in 2008—Part A

- Hospital Stays – \$1,024 deductible for days 1 – 60
– \$256 per day for days 61 – 90
– \$512 per day for days 91 – 150
- Skilled Nursing – \$0 for first 20 days
– \$128 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 2008 **for each benefit period**, under Part A you would pay:

- \$1,024 hospital deductible for days 1–60
- \$256 per day hospital coinsurance for days 61–90
- \$512 per day hospital coinsurance for days 91–150 (while using your 60 lifetime reserve days)

For skilled nursing facility stays in 2008, for each benefit period you would pay nothing for the first 20 days and:

- \$128 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.

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Medigap Benefits

Gaps in Original Medicare

What you pay in 2008—Part A

- Home Health Care – \$0 for home health care services
– 20% for durable medical equipment

- Hospice Care – Up to \$5 copayments for outpatient prescription drugs
– 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 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; and
- 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.

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Medigap Benefits

Other Medigap Benefits

- Most 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)

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Medigap Benefits

Medigap 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

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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.

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Medigap Benefits

Medigap Benefits Comparison

Benefit	Plans A - J	Plan K	Plan L
Part A Deductible	Plans B - J: 100%	50%	75%
Part A Coinsurance Days 61 - 90	100%	100%	100%
Part A Coinsurance Lifetime Reserve Days 91 - 150	100%	100%	100%
365 Additional Hospital Days	100%	100%	100%
Hospice Coinsurance	0%	50%	75%
Skilled Nursing Facility Care Coinsurance Days 21 - 100	Plans C - J: 100%	50%	75%
Blood Deductible	100%	50%	75%
Part B Deductible	Plans C, F, J: 100%	0%	0%
Part B Coinsurance	100%	50%	75%
Part B Excess Charges	Plans F, I, J: 100% Plan G: 80%	0%*	0%*

*Excess charges do not apply toward meeting the annual out-of-pocket maximum. Out-of-pocket maximum is \$4,440 for Plan K and \$2,220 for Plan L (in 2008).

This chart provides a summary of how Medigap Plans A through J differ from Medigap Plans K and L for most benefits. Medigap Plans A through J offer different benefits from Medigap Plans K and L. Plans A through J generally have higher premiums because they provide more benefits and you have lower out-of-pocket costs.

Note that this chart shows the percentages plans will pay toward **your share of the costs**, not percentages of the total cost.

[**Note to instructor:** Recommend handing out the chart on page 9 of *2008 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*, which summarizes the benefits under each plan.]

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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.

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Medigap Benefits

Let's look at a case study...

- Jonathan is 65 years old and is enrolled in Original Medicare, Parts A and B. He has a Medigap policy and thinks the first 3 pints of blood each year are covered by his Medigap policy.
 - Is he correct?
 - What are some basic Medigap benefits?

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Yes. All of the current 12 standardized Medigap plans cover the first 3 pints of blood (subject to 50% and 75% limits in Plans K and L).

Other basic benefits in all current standardized plans include:

- Medicare Part A coinsurance
- 365 extra days of hospital care
- 100% of the Part B coinsurance for preventive services

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Exercise

Exercise

1. All plans A – J cover

- A. Part A coinsurance for inpatient hospital care
- B. Dental care
- C. Prescription drugs
- D. All of the above

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- 1. All plans A – J cover
 - A. Part A coinsurance for inpatient hospital care
 - B. Dental care
 - C. Prescription drugs
 - D. All of the above

NOTES:

ANSWER: A. Part A coinsurance for inpatient hospital care

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Exercise

Exercise

2. Original Medicare does not pay all health care costs

- A. True
- B. False

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2. Original Medicare does not pay all health care costs

- A. True
- B. False

NOTES:

ANSWER: A. True

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Exercise

Exercise

3. Most Medigap plans have extra benefits

- A. True
- B. False

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- 3. Most Medigap plans have extra benefits
 - A. True
 - B. False

NOTES:

ANSWER: A. True

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Medigap Plans

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
- Medicare SELECT

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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.

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Module 3: Medigap (Medicare Supplement Insurance)

Medigap Plans

Drug Coverage and Medigap

- Medigap policies covering prescription drugs
 - May not be sold after January 1, 2006
 - Same policies may be sold without drug coverage
- If your Medigap policy covers drugs
 - Should have received information from company
 - Explains how drug coverage affects your policy

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First we'll discuss how Medicare prescription drug coverage works with a Medigap policy.

Prior to 2006, some Medigap policies offered prescription drug coverage.

- After January 1, 2006, you can't buy a new Medigap policy covering prescription drugs. These same policies may still be sold, but without prescription drug coverage.
- If your Medigap policy covers prescription drugs, you should have received detailed information from your Medigap insurance company that describes how Medicare prescription drug coverage affects your Medigap policy. This information should tell you whether or not your Medigap drug coverage is considered **creditable coverage**, which we will discuss on the next slide.

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Medigap Plans

Plans K and L

- Pay only partial costs after Medicare pays
- Have annual out-of-pocket maximum
- Plan K
 - 50% for most services
 - \$4,440 out-of-pocket limit in 2008
- Plan L
 - 75% for most services
 - \$2,220 out-of-pocket limit in 2008

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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 2008, Medigap Plan K has a \$4,440 out-of-pocket annual limit and Plan L has a \$2,220 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.

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Medigap Plans

Medicare SELECT

- A type of Medigap policy (plans A – L)
- To get full benefits (except in emergency)
 - Must use specific hospitals
 - In some cases must see specific doctors
- Generally cost less
- 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 *2008 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare* (CMS Publication No. 02110).

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Session Topics

- ✓ Overview
- ✓ Medigap benefits
- ✓ Medigap plans
- Medigap costs
- More information

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So far, we've talked about what a Medigap plan is and is not. We looked at the different plans and the options they offer. Now let's take a look at cost.

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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:

- 1. 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.
- 2. 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.
- 3. 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 *2008 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare.*]

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Medigap Costs

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. We will talk about special rights you may have in

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Lesson 2 of this presentation.

[NOTE TO INSTRUCTOR: omit last sentence if only presenting Lesson 1.]

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Medigap Costs

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.

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Medigap Costs

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

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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 is 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 Social Security that you do not want Part B of Medicare.

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Module 3: Medigap (Medicare Supplement Insurance)

Medigap Costs

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.

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

[NOTE TO INSTRUCTOR: These four steps are described on pages 21–26 of *2008 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare.*]

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Module 3: Medigap (Medicare Supplement Insurance)

Medigap Costs

Let's look at a case study...

- It is October 1, 2008, and Sam (who is 65) wants to buy a Medigap policy. He needs to know if he is in his open enrollment period. He looks at his Medicare card. His Medicare Part B coverage started August 1, 2008.
 - Is Sam in his Medigap open enrollment period?
 - Can the company deny him coverage?

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[Instructor to review case study.]

To figure out if Sam is in his open enrollment period, he must add 6 months to his Medicare Part B start date and see if it is before or after the current date.

August 1, 2008 + 6 months = February 1, 2009. Since it is October 1, 2008, he is still in his open enrollment period. Sam has until January 31, 2009, to buy a Medigap policy during his Medigap open enrollment period.

As long as Sam enrolls during his Medigap open enrollment period, the company cannot deny him coverage. However, the company may make him wait to cover any pre-existing conditions, depending on whether or not he has maintained creditable coverage.

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Exercise

Exercise

1. Companies may not sell new Medigap policies covering prescription drugs after January 1, 2006?

A. True

B. False

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1. Companies may not sell new Medigap policies covering prescription drugs after January 1, 2006?

A. True

B. False

NOTES:

ANSWER: A. True

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Exercise

Exercise

2. Your Medigap Open Enrollment Period

- A. Is an opportunity for the company to charge you more for past health problems
- B. Can begin even if you don't have Part B
- C. Lasts for six months, begins when you are at least 65 and enrolled in Part B
- D. None of the above

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2. Your Medigap Open Enrollment Period

- A. Is an opportunity for the company to charge you more for past health problems
- B. Can begin even if you don't have Part B
- C. Lasts for six months, begins when you are at least 65 and enrolled in Part B
- D. None of the above

NOTES:

ANSWER: C. Lasts for six months, begins when you are at least 65 and enrolled in Part B

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Exercise

Exercise

3. Once the 6-month Medigap open enrollment period starts, it can't be changed

- A. True
- B. False

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3. Once the 6-month Medigap open enrollment period starts, it can't be changed
- A. True
 - B. False

NOTES:

ANSWER: A. True

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Exercise

Exercise

4. The Medigap High-deductible Plans are Plans C and F

- A. True
- B. False

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4. The Medigap High-deductible Plans are Plans C and F

- A. True
- B. False

NOTES:

ANSWER: B. False

*My Health.
My Medicare.*

Module 3: Medigap (Medicare Supplement Insurance)

Session Topics

- ✓ Overview
- ✓ Medigap benefits
- ✓ Medigap plans
- ✓ Medigap costs
- More information

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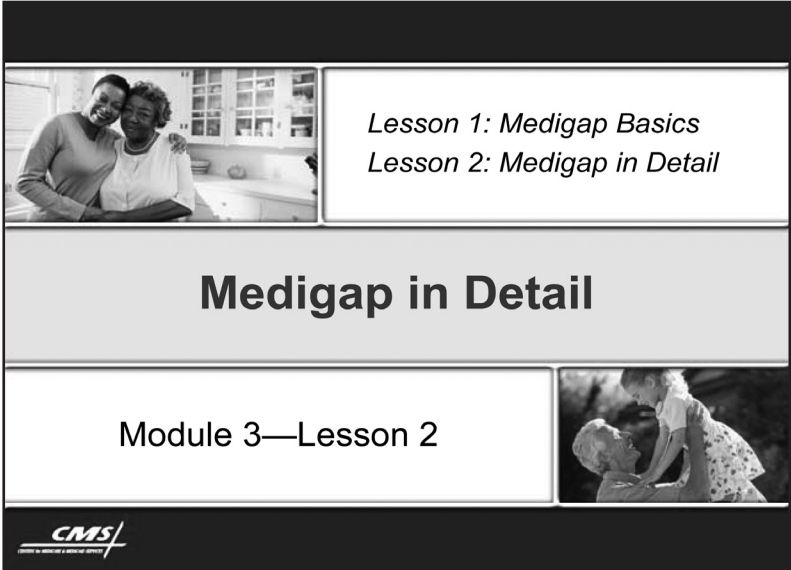
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We've covered a lot of information in this lesson. However, you may need to obtain additional information or may want access to additional resources. Let's talk about where you can get more information.

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Module 3: Medigap (Medicare Supplement Insurance)



The slide features a black header with the title "Module 3: Medigap (Medicare Supplement Insurance)". Below the header, there are two images: on the left, a black and white photo of two elderly women smiling; on the right, a white box containing the text "Lesson 1: Medigap Basics" and "Lesson 2: Medigap in Detail". The main title "Medigap in Detail" is centered in a grey box. Below this, a white box contains "Module 3—Lesson 2" and a small photo of a young child. The CMS logo is in the bottom left corner.

[NOTE TO INSTRUCTOR: The previous slides can be presented independently as a Basic Medigap presentation.]

We have discussed the basics of Medigap. The following slides cover some of the more complex aspects of Medigap.

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Module 3: Medigap (Medicare Supplement Insurance)

Session Topics

- Prior creditable coverage
- Under age 65
- Medigap and Medicaid
- Guaranteed issue
- Other supplemental insurance
- More information

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Some of the topics we'll cover are:

- Prior creditable coverage
- Medigap for people with Medicare under age 65
- Medigap for people with Medicare who also qualify for Medicaid
- Guaranteed issue rights
- Other supplemental insurance
- More information

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Module 3: Medigap (Medicare Supplement Insurance)

Session Topics

- Prior creditable coverage
- Under age 65
- Medigap and Medicaid
- Guaranteed issue
- Other supplemental insurance
- More information

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The first topic we'll discuss is prior creditable coverage.

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Module 3: Medigap (Medicare Supplement Insurance)

Medigap Coverage

Examples of Creditable Coverage

■ Union/employer group health plan	■ TRICARE
■ Some health insurance policies	■ FEHBP
■ Medicare Part A or B	■ Public health plan
■ Medicaid	■ Health plan under the Peace Corps Act
■ IHS or tribal organization	■ COBRA
■ A state health benefits risk pool	■ SCHIP

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Creditable coverage can originate from many sources of previous health coverage. The following are examples of health care coverage that may count as creditable coverage for Medigap policies [instructor may choose to mention several or all of the following]:

- A group health plan (like a union or employer group health plan)
- A health insurance policy
- Medicare Part A or Medicare Part B
- Medicaid
- A medical program of the Indian Health Service or tribal organization
- A state health benefits risk pool (sometimes called high risk pool)
- TRICARE, the health program for military dependents and retirees
- A Federal Employees Health Benefit Plan (FEHBP)
- A public health plan, including VA health coverage and coverage from another country

- A health plan under the Peace Corps Act
- COBRA (Consolidated Omnibus Budget Reconciliation Act) continuation coverage, which is insurance you may choose to buy to continue your group health coverage after your employment ends
- SCHIP (State Children’s Health Insurance Program), generally for families with limited income and resources

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Module 3: Medigap (Medicare Supplement Insurance)

Medigap Coverage

Let's look at a case study...

- Harry is 65 and was diagnosed with heart disease early in 2007. His Medicare Part A and Part B started November 1, 2007. Before that date, he had no health insurance coverage. Harry buys a Medigap policy with coverage starting March 1, 2008.
 - Can the Medigap insurance company refuse to cover Harry's heart condition for 6 months?
 - Does Harry have prior creditable coverage?
 - What if Harry's heart condition hadn't been diagnosed?

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Let's look at an example to see if Harry has prior creditable coverage. [Instructor to go over case study with participants.]

Answers: No, but the company can refuse to cover Harry's heart disease, a pre-existing condition, for 2 months. Since Harry had Medicare Part A and Part B from November 2007 through February 2008, the insurance company must use his 4 months of Medicare coverage as prior creditable coverage to shorten his pre-existing condition waiting period from 6 months to 2 months. During these 2 months—March and April 2008—after Medicare pays its share, Harry will have to pay the rest of the costs for the care of his heart disease.

If Harry's heart condition had not yet been diagnosed, it would not be considered a pre-existing condition and his insurance company would immediately cover what Medicare doesn't pay.

[NOTE TO INSTRUCTOR: Ensure participants understand that prior creditable coverage can be shorter than 6 months and would reduce waiting time accordingly.]

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Module 3: Medigap (Medicare Supplement Insurance)

Under Age 65

Medigap for People Under 65

- Federal law does not require coverage
- May not be able to buy a Medigap policy
- Some state laws are different
- At age 65
 - Can choose and buy any Medigap policy
 - Companies cannot refuse to sell Medigap
 - 6-month open enrollment period
 - Already have Medigap
 - May reapply to get a better rate

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There is no Medigap open enrollment period under Federal law for people who are under age 65 and have Medicare because of a disability or ESRD (permanent kidney failure treated with continuing dialysis or a kidney transplant). (State law may provide more generous protections requiring enrollment for people under age 65. We will cover this in more detail on the next slide.)

If you have Medicare before age 65, you may not be able to buy a Medigap policy without underwriting, or at all. However, if you have Part B when you reach age 65, you will have the right to choose and buy any Medigap policy during the open enrollment period, even if you had Part B before age 65.

If you are under age 65 and enrolled in a Medicare Advantage plan, at age 65 you can choose to return to Original Medicare and use your Medigap open enrollment period. You can leave your Medicare Advantage Plan even if you are not in a Medicare Advantage open enrollment period.

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You can also sign up for a Medicare Prescription Drug Plan.

Remember, we said the Medigap open enrollment period is for 6 months **after you are age 65** and are enrolled in Medicare Part B. During this time:

- You can buy any Medigap policy offered in your state
- Insurance companies cannot refuse to sell you a Medigap policy or charge you a higher premium due to a disability or other health problem

Even if you already have a Medigap policy in a state that provides open enrollment for people under age 65, you may be able to get a better rate if you re-apply at age 65.

Module 3: Medigap (Medicare Supplement Insurance)

Under Age 65

Medigap for People Under 65

- Some companies sell to people under 65
 - Policies may cost more
- Some states require Medigap be offered
 - See *Guide to Health Insurance for People with Medicare*
- Another open enrollment period at 65

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Some states require Medigap insurance companies to offer a limited Medigap open enrollment period for people with Medicare Part B who are under age 65. (Medigap policies sold to people under age 65 may cost more than policies sold to people over age 65.) As of September 2007, the following states required insurance companies to offer at least one kind of Medigap policy to people with Medicare under age 65 (not all policies may be available):

- California*, Colorado, Connecticut, Hawaii, Illinois (after June 2008), Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts*, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, South Dakota, Texas, Vermont*, Wisconsin

* in California, Massachusetts, and Vermont, a Medigap policy isn't available to people with ESRD under age 65.

This list is shown on page 33 of *2008 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*. Even if your state isn't on this list, some insurance companies may voluntarily sell Medigap policies to some people under age 65, and some states require that people under age 65 who are buying a Medigap policy be given the best price available.

Remember, if you live in a state that has a Medigap open enrollment period for people under age 65, you will still get another Medigap open enrollment period when you reach age 65, and you will be able to buy any Medigap policy sold in your state.

[NOTE TO INSTRUCTOR: Give handout with state-specific information and be prepared to answer questions. Be aware that the list of states shown above may have changed since September 2007.]

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Module 3: Medigap (Medicare Supplement Insurance)

Under Age 65

Right to Suspend Medigap

- Under 65 and entitled due to a disability
 - Right to suspend your Medigap policy
 - While enrolled in employer group health plan
 - Without penalty
 - Get your Medigap policy back at any time
 - Must notify Medigap insurer within 90 days of losing employer group coverage

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If you are under 65 and have Medicare and a Medigap policy, you have a right to suspend your Medigap policy benefits and premiums, without penalty, while you are enrolled in your or your spouse's employer group health plan. You can get your Medigap policy back at any time.

If, for any reason, you lose your employer group health plan coverage, you can get your Medigap policy back. Within 90 days of losing your employer group health plan coverage, you must notify your Medigap insurance company that you want your Medigap policy back.

(You can also suspend Medigap for up to 2 years if you have Medicaid coverage, which is the next topic we'll discuss.)

First, let's look at a case study ...

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Module 3: Medigap (Medicare Supplement Insurance)

Under Age 65

Let's look at a case study...

- Martin just enrolled in Original Medicare. He is concerned about his ability to pay the coinsurance and deductible if he is ever admitted to the hospital for a lengthy stay.
 - Would a Medigap policy cover Martin's coinsurance for an inpatient hospital stay?

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[Instructor to read case study.]

Yes! All Medigap plans cover the cost of the coinsurance for an inpatient hospital stay plus an extra 365 days. Many plans also cover some or all of the hospital deductible.

What are the gaps for hospital stays in 2008?

- \$1,024 deductible for days 1 – 60;
- \$256 coinsurance per day for days 61 – 90; and
- \$512 coinsurance per day for days 91 – 150.

*My Health.
My Medicare.*

Module 3: Medigap (Medicare Supplement Insurance)

Session Topics

- ✓ Prior creditable coverage
- ✓ Under age 65
- Medigap and Medicaid
- Guaranteed issue
- Other supplemental insurance
- More information

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The next topic we'll be discussing is Medicaid and how it works with Original Medicare and Medigap.

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Module 3: Medigap (Medicare Supplement Insurance)

Medigap and Medicaid

Medigap and Medicaid

- If you have both Medicare and Medicaid
 - Most health care costs are covered
 - Can suspend Medigap policy for up to 2 years
 - An insurance company can sell you a Medigap policy only in certain situations
- For information, call state Medicaid office

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If you have both Medicare and Medicaid, most of your health care costs are covered. Medicaid is a joint Federal and state program, and coverage varies from state to state. People with Medicaid may get coverage for things that aren't covered by Medicare, like some nursing home care and home care.

Medicaid and Medigap

If you have a Medigap policy and then become eligible for Medicaid, there are a few things you should know:

- You can put your Medigap policy on hold ("suspend" it) within 90 days of getting Medicaid. You can suspend your Medigap policy for up to 2 years. However, you may choose to keep your Medigap policy active so you can see doctors that don't accept Medicaid.

If you already have Medicaid, an insurance company can't legally sell you a Medigap policy unless:

- If Medicaid pays your Medigap premium

- If Medicaid only pays all or part of your Medicare Part B premium

(The above conditions apply if the insurance company will sell you the policy; the insurance company may use medical underwriting.)

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Module 3: Medigap (Medicare Supplement Insurance)

Session Topics

- ✓ Prior creditable coverage
- ✓ Under age 65
- ✓ Medigap and Medicaid
- Guaranteed issue rights
- Other supplemental insurance
- More information

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The next topic we'll be discussing is Medigap protections or guaranteed issue.

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Module 3: Medigap (Medicare Supplement Insurance)

Guaranteed Issue Rights

Guaranteed Issue Rights

- Rights to purchase 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. 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.

[NOTE TO INSTRUCTOR: Briefly review the seven situations; plans that can be purchased for each situation are shown in parentheses.]

- **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.

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Module 3: Medigap (Medicare Supplement Insurance)

Guaranteed Issue Rights

Let's look at a case study...

- Jennie is 69 and joined a Medicare Advantage Plan when she first was eligible for Medicare at age 65. She decides she would like to drop her Medicare Advantage Plan and go to Original Medicare.
 - Does Jennie have a guaranteed issue right to a Medigap policy?

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No. Since Jennie did not leave her MA plan prior to the end of her 12-month trial period, she does not have guaranteed issue.

What if Jennie had decided to drop her Medicare Advantage Plan during her trial period? In that case, Jennie would have had the guaranteed right to buy any Medigap plan sold in her state (situation #4 on the previous slides).

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Module 3: Medigap (Medicare Supplement Insurance)

Other Supplemental Insurance

Other Supplemental Insurance

- Group health coverage
 - Employer
 - Union
 - Organization or association
 - TRICARE for Life
 - COBRA
- Understand your benefits and costs

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There are other kinds of supplemental coverage, referred to here as group health coverage, such as coverage offered under:

- Employers or unions—This type of group health coverage is for current employees or retirees and spouses. Generally, employer-sponsored plans have better rates than you can get if you buy a policy yourself, and employers/unions may pay part of the cost. This type of coverage is NOT Medigap insurance. You have various rights once your employer-sponsored plan ends.
- Organizations or associations—This type of group health coverage is for members of an organization or association. Just because you are buying through a group does not always mean that you are getting a lower rate. This type of coverage can cost as much as, or more than, the same coverage you get with a policy you buy yourself. Be sure you understand the benefits being offered and how the premiums are set, and then compare prices.

- TRICARE for Life, which provides expanded medical coverage to Medicare-eligible uniformed services retirees age 65 or older and their family members.
- COBRA, which lets employees and their dependents keep their health coverage for a time after they leave their employer group health plan, as we mentioned earlier.

(These other kinds of coverage are explained in Module 5, Coordination of Benefits.)

When you reach age 65, you will need to make a decision about Medicare Part B. You may still have health coverage through your or your spouse's current or active employment. If you do, be sure to learn about Special Enrollment Periods, which allow you to delay enrolling in Part B without a penalty. Remember, your Medigap open enrollment period begins with the first day of the month you are both over age 65 and have Medicare Part B, so delaying enrolling in Part B will delay your Medigap open enrollment period and maintain your Medigap options.

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Module 3: Medigap (Medicare Supplement Insurance)

Session Topics

- ✓ Prior creditable coverage
- ✓ Under age 65
- ✓ Medigap and Medicaid
- ✓ Guaranteed issue
- ✓ Other supplemental insurance
- More information

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Finally, let's talk about how to get more information.

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