



Medigap

(Medicare Supplement Insurance)

Module 3



Lessons

- Original Medicare Coverage (gaps)
- Medigap Basics
- Buying a Medigap Policy
- 2010 – What is New
- Medigap Plans
- Medigap Rights and Protections
- Information Sources for Medigap



Original Medicare Coverage

- Gaps in Original Medicare Coverage
- What is covered in Original Medicare
 - Part A
 - Part B
- What is not covered



Gaps in Original Medicare Coverage

- Original Medicare doesn't cover everything
 - Original Medicare pays a share
 - You pay a share
- If you buy a Medigap policy
 - The policy pays all or part of your share
 - Coverage depends on Medigap plan you buy



What You Pay in Original Medicare

Part A – (Hospital Insurance)

- Hospital Stays
 - \$1,100 deductible for days 1 – 60
 - \$275 per day for days 61 – 90
 - \$550 per day for days 91 – 150
- Skilled Nursing Facility Care
 - \$0 for first 20 days
 - Up to \$137.50 per day for days 21 – 100
 - 100% after day 100
- Blood
 - 100% for first 3 pints
 - 20% for additional pints



What You Pay in Original Medicare (continued)

Part A – (Hospital Insurance)

- Home Health Care
 - \$0 for home health care services
 - 20% for durable medical equipment for providers accepting assignment (Contract Provider if in Competitive Bidding Area)
 - Up to \$5 copayment for outpatient prescription drugs

- Hospice Care
 - 5% for inpatient respite care
 - Room and board, in some cases
 - \$5 for prescription drugs



What You pay in Original Medicare (continued)

Part B – (Medical Insurance)

- Part B Deductible – \$155 per year

 - Part B Services
 - 20% coinsurance for most covered services*
 - 45% coinsurance for outpatient mental health*
 - Copayments for hospital outpatient services
- *For providers accepting assignment



What is Not Covered by Medicare/Medigap

- Long-term care
- Vision and dental care
 - Including eyeglasses
- Hearing aids
- Private-duty nursing
- Outpatient prescription drugs



Medigap Basics

- What Medigap is
- Standardized plans
- Important Medigap terms



What is a Medigap policy?

- Private health insurance for individuals
- Sold by private insurance companies
 - Licensed by your state
- Supplements Original Medicare
- Follow Federal/state laws that protect you
- Must state “Medicare Supplement Insurance”



What is a Medigap policy? (continued)

- A Medigap policy may help you
 - Lower your out-of-pocket costs
 - Get more health insurance coverage
- Considerations include
 - Your other coverage and health needs
 - If your doctor accepts assignment



What are Standardized Plans?

- Standardized plans in most states
 - Identified by a letter
 - Plans currently sold
 - A, B, C, D, F, G, K, L, M, N
 - Companies don't have to sell all plans
 - Plans existing but no longer sold
 - E, H, I, J
- Non-standardized plans (waiver states)
 - Massachusetts, Minnesota, Wisconsin

What are Standardized Plans? (continued)

- Each standardized plan in a state
 - Must offer the same basic benefits
 - No matter which company sells it
- Costs (monthly premiums) may vary by
 - Plan
 - Company
 - Where you live
 - Age

Cost Example		
	Acme Insurance Company - Plan C	DT Insurance Company - Plan C
Benefits	Same	Same
Monthly Cost	\$100	\$120



Important Medigap Terms to Know

- Pre-existing condition (up to 6 months before Medigap)
 - Could delay Medigap coverage up to 6 months
- Creditable coverage (certain health coverage)
 - Could shorten waiting period



Important Medigap Terms to Know (continued)

- Medical underwriting (review of your health)
 - Could affect acceptance, cost, and coverage date
- Guaranteed issue rights
 - Certain situations when insurance companies must
 - Sell you a Medigap policy
 - Cover all your pre-existing health conditions
 - Can't charge you more for a Medigap policy because of past or present health problems



Exercise

A. Medigap policies are sold by

1. The Centers for Medicare & Medicaid Services
2. Private Insurance Companies
3. State governments



Exercise

B. Every Medigap Plan C costs the same, regardless of insurance company

1. True
2. False



Buying a Medigap Policy

- Who can buy a Medigap policy
- When to buy a Medigap policy
- Open enrollment period
- Switching Medigap policies
- Buying a Medigap policy under age 65
- How much Medigap costs
 - Pricing based on age
- Steps to buying a Medigap policy



Who Can Buy Medigap?

- Generally 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 guaranteed issue right



When to Buy a Medigap Policy

- May be able to buy a Medigap policy any time
- 6-month Medigap open enrollment period
 - Begins when you
 - Are both age 65 **and**
 - Enrolled in Part B
 - Can't be changed or repeated



Open Enrollment Period (OEP)

- OEP may be best time to buy
 - Companies can't
 - Refuse to sell any Medigap policy they sell
 - Make you wait for coverage (exception below)
 - Charge more because of a past/present health problem
 - Companies can
 - Make you wait for pre-existing condition without creditable coverage
- Policies sold after 1990 guaranteed renewable



Waiting to Enroll in Part B

- Consider waiting to enroll in Part B
 - If you or your spouse is still working **and**
 - You have group health coverage
- Notify Social Security if you want to wait



Buying a Medigap Policy Under Age 65

- People with Medicare under age 65
 - May not be able to buy Medigap
 - People with a disability
 - People with End-Stage Renal Disease
 - If available, may cost more
- New Medigap open enrollment period at age 65



Switching Medigap Policies

- Usually no right under Federal law to switch
- When can you switch policies?
 - During your Medigap open enrollment period
 - If you have a guaranteed issue right
 - If your state has more generous requirements
 - You move from your Medigap SELECT service area
 - Can switch to plan with same or fewer benefits
- 30-day “free look” period



Switching Medigap Policies (continued)

- Why might you switch policies?
 - You're paying for benefits you don't need
 - You need more benefits now
 - You want to change your insurance company
 - You find a cheaper policy



How Much Does Medigap Cost?

- Cost depends on
 - Your age (in some states)
 - Where you live (e.g., urban, rural, or ZIP Code)
 - Company selling the policy
 - If there are discounts (female, non-smokers, married couples)
 - Medical underwriting
- Premiums vary greatly for same Medigap plan



Medigap Pricing Based on Age

No-age-rated (community-rated)	<ul style="list-style-type: none">▪ Everyone pays same regardless of age if 65 or older▪ Generally least expensive over lifetime
Issue-age-rated	<ul style="list-style-type: none">▪ Based on age when purchased▪ Doesn't go up automatically as you get older
Attained-age-rated	<ul style="list-style-type: none">▪ Premium based on current age▪ Goes up automatically as you get older▪ Costs less when you are 65▪ Costs more at age 70 or 75



Buying a Medigap Policy

- Important decision – shop carefully
- Four steps
 1. Decide which Plan A – N meets your needs
 2. Find out which companies sell Medigap in your state
 3. Call the companies and compare costs
 4. Buy the Medigap policy



Exercise

A. Mary's Medigap open enrollment period will start in two months. She tells you she plans to buy a policy in five months. She has no other coverage. What should she know?

1. If she needs any health care during the 3 months she delays getting a Medigap policy, she would have to pay the gaps in Original Medicare coverage out of pocket.
2. She will still be in her Medigap open enrollment period but should delay buying a Medigap policy.
3. Her Medigap open enrollment period ends before she plans to buy a policy. She may have to pay more.



Exercise

B. Which is true about a Medigap policy that is attained-age-rated?

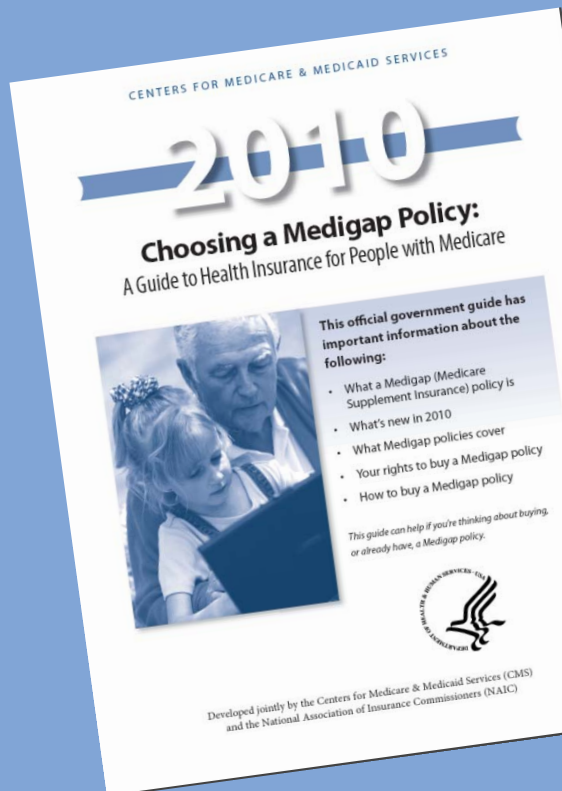
1. It will be cheaper as you age.
2. It will stay the same price as you age except for cost-of-living adjustments.
3. It will cost more as you age.



2010 – What is New

- Changes to basic Medigap benefits
- New plans
- Plans no longer sold

What's new and important in 2010?



What's new and important in 2010?

New laws have brought many changes to Medigap (Medicare Supplement Insurance) policies. These changes give you choices in health care coverage to fill gaps in services that Original Medicare doesn't cover.

- **Basic Benefits** – Starting with policies effective on or after June 1, 2010, Hospice Part A **coinsurance** (outpatient prescription drug and inpatient respite care coinsurance) will be covered as a basic benefit. Plan K will cover 50%, and Plan L will cover 75% of these costs.
- **Part B Coinsurance** – Plans K, L, and N will require you to pay a portion of Part B coinsurance and copayments, which may result in lower **premiums** for these plans. All other Medigap policies pay Part B coinsurance or **copayments** at 100%.
- **New Plans Offered** – Plans M and N are new choices.
- **Plans D and G** – Plans D and G bought on or after June 1, 2010 have different benefits than D or G plans bought before June 1, 2010. But, if you bought Plan D or G before June 1, 2010, you can keep that plan and the benefits won't change.
- **Plans No Longer for Sale** – Plans E, H, I, and J will no longer be sold after May 31, 2010. **But**, if you already have or you buy Plan E, H, I, or J before June 1, 2010, you can keep that plan.

2010 MIPPA Medigap Changes

(* denotes new plans and benefits on or after June 1, 2010)

Basic Benefits	Deleted Coverage	Plans No Longer Sold	Changes to Plan D	Changes to Plan G	New Plan M *	New Plan N *
<p>Add Hospice Coverage- Part A coinsurance*</p> <p>(Part A coinsurance + 365 days</p> <p>Part B coinsurance or copayments for outpatient</p> <p>Blood (first 3 pints per year)</p>	<p>Preventive Services</p> <p>No In-Home Recovery</p>	E, H, I, J	<p>Basic, including 100% Part B coinsurance</p> <p>Skilled Nursing Facility coinsurance</p> <p>Part A deductible</p> <p>Foreign Travel Emergency</p> <p>(In-Home recovery deleted)</p>	<p>Basic, including 100% Part B coinsurance</p> <p>Skilled Nursing Facility coinsurance</p> <p>Part A deductible</p> <p>100% Part B Excess *</p> <p>Foreign Travel Emergency</p> <p>(In-Home Recovery deleted)</p>	<p>Basic, including 100% Part B coinsurance</p> <p>Skilled Nursing Facility coinsurance</p> <p>50% Part A deductible</p> <p>Foreign Travel Emergency</p>	<p>Basic, including 100% Part B coinsurance (except up to \$20 office visit copayment; up to \$50/ER)</p> <p>Skilled Nursing Facility coinsurance</p> <p>Part A deductible</p> <p>Foreign Travel Emergency</p>



Medigap Plans

- Medigap plans available effective June 1, 2010
- Special Medigap plans

Medigap Plans Effective on or after June 1, 2010

How to read the chart:

If a checkmark appears in a column of this chart, the Medigap policy covers 100% of the described benefit. If a column lists a percentage, the policy covers that percentage of the described benefit. If a column 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).

You may buy the following Medigap Plans which become effective June 1, 2010:

Medigap Benefits	Medigap Plans Effective June 1, 2010									
	A	B	C	D	F	G	K	L	M	N
Medicare Part A Coinsurance 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)			✓	✓	✓	✓			✓	✓
Medicare Preventive Care Part B Coinsurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
							Out-of-Pocket Limit**			
							\$4,620	\$2,310		



Special Types of Medigap Plans

- High-deductible plans
 - Plans F, J
- Massachusetts, Minnesota, and Wisconsin (waiver states)
- Medicare SELECT (network plans)
- Medigap plans with drug coverage
 - No longer sold



Medigap Plans F and J*

High-Deductible Option

- \$2,000 deductible for 2010
 - Amount can go up each year
- Often have lower premium
- Out-of-pocket costs may be higher
- May not be able to change plans
- Additional deductibles

*Plan J no longer sold after June 1, 2010



Medigap Plans K and L

- Pay only partial costs after Medicare pays
- Have annual out-of-pocket maximum

	Plan K	Plan L
Percent Plan Pays for Most Services	50%	75%
2010 Out-of-Pocket Limit	\$4,620	\$2,310



Medigap Plans with Rx Coverage

- Medigap policies that covered Rx drugs
 - Only sold before January 1, 2006
 - Plans H, I and J
 - No longer sold as of June 1, 2010
 - Other standardized plan with Rx policy rider
 - Same policies were sold without drug coverage
 - Generally don't provide creditable drug coverage



Minnesota, Massachusetts, Wisconsin

(Waiver States)

- Different kinds of Medigap policies
 - NOT labeled with letters
- Benefits comparable to standardized plans
 - Basic and optional benefits
- For information
 - Call State Insurance Department



Medicare SELECT Policies

- A type of Medigap policy
- To get full benefits (except in emergency)
 - Must use specific hospitals
 - May have to see specific doctors
- Generally cost less than non-network plans
- Can switch to plan with equal or lesser value
- May not be offered in your state



Exercise

A. All Plans A, B, C, D, F, G, K, L, M and N cover

1. Part A coinsurance for inpatient hospital care
2. Dental care
3. Prescription drugs
4. All of the above



Exercise

B. Medigap Plans K and L

1. Have different cost-sharing than Plans A - J
2. Cover Hospice Care coinsurance or copayment
3. Cover at different percentages
4. All of the above



Medigap Rights and Protections

- Guaranteed rights to buy a Medigap policy
- Right to Suspend Medigap



Guaranteed Rights to Buy a Medigap Policy

- Called “guaranteed issue rights”
- Situations with special rights to buy Medigap
 - After Medigap open enrollment period
 - Companies must sell you a Medigap policy
 - Must cover all pre-existing conditions
 - Can’t charge more
- These are Federal protections
 - Some states have additional protections

Medigap Guaranteed Issues Rights

You have a Medigap guaranteed issue right if...	You have the right to buy...	You can/must apply for a Medigap policy...
<p>#1: You are in a Medicare Advantage (MA) Plan, and your plan is leaving Medicare or stops giving care in your area, or you move out of the plan's service area.</p> <p>Note: If you immediately join another MA Plan, you can stay in that plan for up to 1 year and still have the rights described in situations #4 and #5.</p>	<p>Medigap Plan A, B, C, F, K, or L that is sold in your state by any insurance company.</p> <p>You only have this right if you switch to Original Medicare rather than joining another Medicare Advantage Plan</p>	<p>As early as 60 calendar days before the date your health care coverage will end, but no later than 63 calendar days after your health care coverage ends. Medigap coverage can't start until your Medicare Advantage Plan coverage has ended.</p>
<p>#2: You have Original Medicare and an employer group health plan (including retiree or COBRA coverage) or union coverage that pays after Medicare pays and that plan is ending.</p> <p>Note: In this situation, state laws may vary.</p>	<p>Medigap Plan A, B, C, F, K, or L that is sold in your state by any insurance company.</p> <p>If you have COBRA coverage, you can either buy a Medigap policy right away or wait until the COBRA coverage ends.</p>	<p>No later than 63 calendar days after the latest of these 3 dates:</p> <ol style="list-style-type: none"> 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.

Medigap Guaranteed Issues Rights

You have a Medigap guaranteed issue right if...	You have the right to buy...	You can/must apply for a Medigap policy...
<p>#3: You have Original Medicare and a Medicare SELECT policy. You move out of the Medicare SELECT policy's service area.</p> <p>You can keep your Medigap policy, or you may want to switch to another Medigap policy.</p>	<p>Medigap Plan A, B, C, F, K, or L that is sold by any insurance company in your state or the state you are moving to.</p>	<p>As early as 60 calendar days before the date your health care coverage will end, but no later than 63 calendar days after your health care coverage ends.</p>
<p>#4: (Trial Right) You joined a Medicare Advantage Plan or Program of All-inclusive Care for the Elderly (PACE) when you were first eligible for Medicare Part A at age 65, and within the first year of joining, you decide you want to switch to Original Medicare.</p>	<p>Any Medigap policy that is sold in your state by any insurance company.</p>	<p>As early as 60 calendar days before the date your coverage will end, but no later than 63 calendar days after your coverage ends.</p> <p>Note: Your rights may last for an extra 12 months under certain circumstances.</p>

Medigap Guaranteed Issues Rights

You have a Medigap guaranteed issue right if...	You have the right to buy...	You can/must apply for a Medigap policy...
<p>#5: (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.</p>	<p>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 it included drug coverage, you can still get that same policy, but without the drug coverage.</p> <p>If your former Medigap policy isn't available, you can buy a Medigap Plan A, B, C, F, K, or L that is sold in your state by any insurance company.</p>	<p>As early as 60 calendar days before the date your coverage will end, but no later than 63 calendar days after your coverage ends.</p> <p>Note: Your rights may last for an extra 12 months under certain circumstances.</p>
<p>#6: Your Medigap insurance company goes bankrupt and you lose your coverage, or your Medigap policy coverage otherwise ends through no fault of your own.</p>	<p>Medigap Plan A, B, C, F, K, or L that is sold in your state by any insurance company</p>	<p>No later than 63 calendar days from the date your coverage ends.</p>
<p>#7: You leave a Medicare Advantage Plan or drop a Medigap policy because the company hasn't followed the rules, or it misled you.</p>	<p>Medigap Plan A, B, C, F, K, L, M, or N that is sold in your state by any insurance company.</p>	<p>No later than 63 calendar days from the date your coverage ends.</p>



Right to Suspend Medigap (Group Health Plan)

- Suspend up to 2 years if under 65
 - While enrolled in your/spouse's employer group health plan
- Get your Medigap policy back at any time
 - Notify insurer within 90 days of losing employer group plan
 - No waiting period



Right to Suspend Medigap (Medicaid)

- If you have both Medicare and Medicaid
 - You generally can't buy a Medigap policy
- Can suspend Medigap policy
 - Within 90 days of getting Medicaid (up to 2 years)
 - Can start it up again
 - No new medical underwriting or waiting periods



Right to Suspend Medigap (Medicaid)

- If you suspend your Medigap policy
 - You do not pay Medigap premiums
 - The Medigap policy will not pay benefits
- May not want to suspend
 - To see doctors who don't accept Medicaid
- Call state Medicaid office or SHIP for help



Exercise

A. John is 58 and has Original Medicare because he has a disability. He has a Medigap policy. His wife is working and John is covered by her group health plan. The coverage is creditable. What should he do about his Medigap policy?

1. Drop both his Medigap policy and his wife's group health coverage.
2. Drop his Medigap policy.
3. Suspend his Medigap policy and keep both Original Medicare and his wife's group health coverage.



Exercise

B. Federal law is the only protection you have with Medigap policies.

1. True
2. False



Information Sources for Medigap

- *2010 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*, CMS Pub. # 02110
 - View at <http://www.medicare.gov/Publications/Pubs/pdf/02110.pdf>
 - Order copies at <http://productordering.cms.hhs.gov/>



Information Sources for Medigap (continued)

- State Health Insurance Assistance Programs (SHIPs)
- State Insurance Department
- 1-800-MEDICARE
 - 1-800-633-4227
 - 1-877-486-2048 for TTY users



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