

National Medicare Training Program Workbook



Module 3:
Medigap (Medicare Supplement Insurance)



*...helping people with Medicare
make informed health care decisions*

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, Medicaid, and the Children's Health Insurance Program (CHIP). The information in this module was correct as of April 2009. To check for an updated version of this training module, visit www.cms.hhs.gov/NationalMedicareTrainingProgram/TL/list.asp on the web.

Slides with this symbol in your workbook are not included in the presentation, but are provided as a resource for more detail.

REFERENCE: *2009 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.

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.

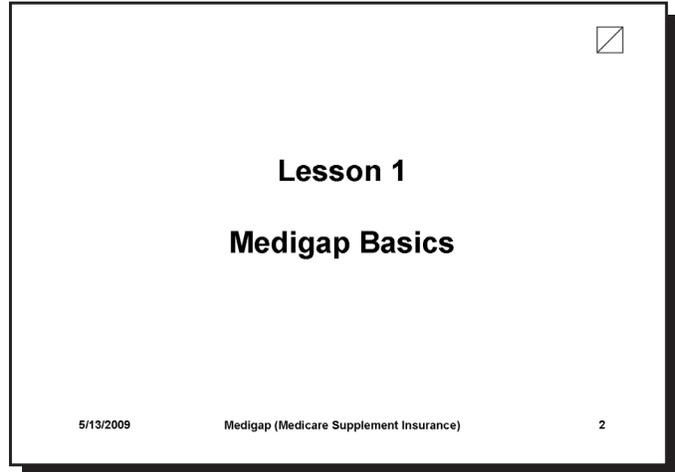
Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 2 *Speaker's Notes*

This module is divided into two lessons:

- Lesson 1—Medigap Basics
- Lesson 2—Medigap in Detail



Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 3 *Speaker's Notes*

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

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

3

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 4 *Speaker's Notes*

We'll first review what Medigap is, how it works, and who can get it.

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

4

Notes:

SLIDE 5 *Speaker's Notes*

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 (also called Medicare Supplement Insurance) 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."

What Is Medigap?

- Health insurance policy
 - Sold by private insurance companies
 - Cover "gaps" in Original Medicare
 - Follow Federal and state laws that protect you
 - Must say "Medicare Supplement Insurance"

5/13/2009

Medigap (Medicare Supplement Insurance)

5

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 6 *Speaker's Notes*

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. Insurance companies are not required to sell all plans. However, they must offer Medigap Plan A if they offer any other Medigap policy.

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.

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. As long as you pay your Medigap premium, your policy 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."

NOTE: In some states, insurance companies may legally refuse to renew Medigap policies that were bought before 1990.

What Is Medigap? (continued)

- Health insurance policy
 - 12 standardized policies in most states
 - Plans A – L
 - Non-standardized policies
 - Massachusetts
 - Minnesota
 - Wisconsin
 - Costs may vary
 - By plan
 - By company
 - Where you live

5/13/2009

Medigap (Medicare Supplement Insurance)

6

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 7 *Speaker's Notes*

A Medigap policy only works with Original Medicare. Medigap policies won't work with Medicare Advantage Plans or other Medicare health 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 health 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 health 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.

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 Medicare SELECT policy networks

5/13/2009 Medigap (Medicare Supplement Insurance) 7

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 8 *Speaker's Notes*

To review some key points, Medigap is insurance:

- Sold by private insurance companies.
- Designed to fill the gaps in Original Medicare.
- That is standardized (currently plans are 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. However, 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
- Veterans' benefits

Medigap Is Not

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

5/13/2009 Medigap (Medicare Supplement Insurance) 8

Notes:

SLIDE 9 *Speaker's Notes*

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. 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.

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 (guaranteed issue)

5/13/2009

Medigap (Medicare Supplement Insurance)

9

Notes:

SLIDE 10 *Exercise*

- A. Medigap policy works with
1. A Medicare Advantage Plan
 2. Medicaid
 3. Original Medicare
 4. Medicare Prescription Drug Plan

Exercise

A. A Medigap policy works with

1. A Medicare Advantage Plan
2. Medicaid
3. Original Medicare
4. Medicare Prescription Drug Plan

5/13/2009

Medigap (Medicare Supplement Insurance)

10

Notes:

SLIDE 11

Exercise

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

1. Medicare Supplement Insurance
2. Medicare Supplemental Insurance
3. Medigap Supplement Insurance
4. Medigap Supplemental Insurance

Exercise

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

1. Medicare Supplement Insurance
2. Medicare Supplemental Insurance
3. Medigap Supplement Insurance
4. Medigap Supplemental Insurance

5/13/2009

Medigap (Medicare Supplement Insurance)

11

Notes:

SLIDE 12

Exercise

C. Costs for a Medigap plan may vary by

1. Plan
2. Company
3. Where you live
4. All of the above

Exercise

C. Costs for a Medigap plan may vary by

1. Plan
2. Company
3. Where you live
4. All of the above

5/13/2009

Medigap (Medicare Supplement Insurance)

12

Notes:

SLIDE 13 *Speaker's Notes*

Different Medigap plans cover different benefits.

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

13

Notes:

SLIDE 14 *Speaker's Notes*

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 Original Medicare.

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

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

When making your decision to buy a Medigap policy, there are a few things you should consider:

- Whether you have other health insurance, e.g., from a union or employer
- How often you need health care
- What type of health care you need
- Whether your doctor accepts the Medicare-approved amount as full payment, also known as "assignment"

Assignment is an agreement between Medicare and health care providers and suppliers to accept the Medicare-approved amount as payment in full. You pay the deductibles and coinsurance (usually 20% of the approved amount). If assignment is not accepted, health care providers can charge you up to 15% above the approved amount (called the "limiting charge") and you may have to pay the entire amount up front.

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

5/13/2009

Medigap (Medicare Supplement Insurance)

14

Notes:

SLIDE 15 *Speaker's Notes*

There are some things you should consider when you decide whether to buy a Medigap policy, including:

- Whether you have other health insurance, e.g., from a union or employer
- How often you need health care
- What type of health care you need
- Whether your doctor accepts assignment

What to Consider

- Do you have other health insurance?
- How often do you need health care?
- What type of health care do you need?
- Does your doctor accept "assignment?"

5/13/2009

Medigap (Medicare Supplement Insurance)

15

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 16 *Speaker's Notes*

There are some gaps in Original Medicare coverage (your out-of-pocket expenses) that a Medigap policy may help cover.

For Part A covered hospital stays in 2009 (per benefit period) you pay:

- \$1,068 hospital deductible for days 1 - 60
- \$267 per day hospital coinsurance for days 61 - 90
- \$534 per day hospital coinsurance for days 91 - 150 (while using your 60 lifetime reserve days)

For skilled nursing facility stays in 2009 (per benefit period) you pay for the first 20 days and:

- Up to \$133.50 per day skilled nursing facility coinsurance 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. If the hospital has to buy blood for you, you must either pay the hospital cost for the first 3 pints of blood you get in a calendar year or have the blood donated. In most cases, the hospital gets blood from a blood bank at no charge and you won't have to pay for it or replace it.

(continued)

Gaps in Original Medicare Coverage

What you pay in 2009—Part A

- Hospital Stays
 - \$1,068 deductible for days 1 – 60
 - \$267 per day for days 61 – 90
 - \$534 per day for days 91 – 150
- Skilled Nursing
 - \$0 for first 20 days
 - Up to \$133.50 per day for days 21 – 100
 - 100% after day 100
- Blood
 - 100% for first 3 pints
 - 20% for additional pints

5/13/2009

Medigap (Medicare Supplement Insurance)

16

Notes:

SLIDE 17 *Speaker's Notes*

For Medicare-approved home health care, you would pay:

- Nothing for home health care services
- 20% for durable medical equipment

For hospice care you would pay:

- Up to a \$5 copayment for outpatient prescription drugs
- 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.

Gaps in Original Medicare Coverage

What you pay in 2009—Part A

- Home Health Care
 - \$0 for home health care services
 - 20% for durable medical equipment
 - Up to \$5 copayment for outpatient prescription drugs
- Hospice Care
 - 5% for inpatient respite care
 - Room and board, in some cases

5/13/2009

Medigap (Medicare Supplement Insurance)

17

(continued)

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 18 *Speaker's Notes*

Additional gaps or out-of-pocket expenses in Original Medicare include the Part B deductible and coinsurance for Part B services. In general, you pay 20% for most covered services. (Covered services include: doctor's services; outpatient therapy such as physical therapy, speech therapy, occupational therapy, subject to limits; most preventive services; durable medical equipment; and blood received as an outpatient that was not replaced after the first 3 pints.)

You pay 50% for outpatient mental health services. Beginning in 2010, this changes as follows:

- 2010 & 2011—55 percent
- 2012—60 percent
- 2013—65 percent
- 2014 on—80 percent

REFERENCE: Page 8 of *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*, available on www.medicare.gov or by calling 1-800-MEDICARE (1-800-633-4227).

Gaps in Original Medicare Coverage

What you pay in 2009—Part B

- Part B Deductible – \$135 per year
- Part B Services – 20% coinsurance for most covered services
 - 50% coinsurance for outpatient mental health
 - Copayments for hospital outpatient services

5/13/2009

Medigap (Medicare Supplement Insurance)

18

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 19 Speaker's Notes

REFERENCE: 2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare

Medigap Coverage

Medigap Benefits	Medigap Plans A through L												
	A	B	C	D	E	F*	G	H	I	J*	K	L	
Medicare Part A Coinsurance and all costs after hospital benefits are exhausted	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Medicare Part B Coinsurance or Copayment for other than preventive services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	50%	75%	
Blood (First 3 Pints)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	50%	75%	
Hospice Care Coinsurance or Copayment											50%	75%	
Skilled Nursing Facility Care Coinsurance				✓	✓	✓	✓	✓	✓	✓	50%	75%	
Medicare Part A Deductible	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	50%	75%	
Medicare Part B Deductible			✓			✓							
Medicare Part B Excess Charges							80%		✓				
Foreign Travel Emergency (Up to Plan Limits)**			✓	✓	✓	✓	✓	✓	✓	✓			
At-home Recovery (Up to Plan Limits)			✓				✓	✓	✓	✓			
Medicare Preventive Care Part B Coinsurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Preventive Care not Covered by Medicare (up to \$120)					✓						✓		
<small>* Medigap Plans F and J also offer a high-deductible option. You must pay for Medicare-covered costs up to the high-deductible amount (\$2,000 in 2009) before your Medigap policy pays anything.</small>											2009 out-of-pocket limit	\$4,620**	\$2,310***
<small>** You must also pay a separate deductible for foreign travel emergency (\$250 per year).</small>													
<small>*** After you meet your out-of-pocket yearly limit and your yearly Part B deductible (\$135 in 2009), the plan pays 100% of covered services for the rest of the calendar year.</small>													

5/13/2009 Medigap (Medicare Supplement Insurance) 19

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 21 Speaker's Notes

Plans K and L's basic benefits 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 (after deductible)
 - Except 100% for covered preventive services
- First 3 pints of blood each year*
- Hospice care
- Skilled Nursing Facility care coinsurance
- Hospice care**

* 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.

**Plan K pays 50% and Plan L pays 75% of what you would otherwise pay.

2009 Out-of-pocket annual limit - Plan K \$4,620, Plan L \$2,310. The out-of-pocket annual limits can increase each year because of inflation.

NOTE: Medigap Plans K and L have annual out-of-pocket limits.

REFERENCE: 2009 Guide to Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare

Medigap Coverage Plans K & L

Medigap Plan K	Medigap Plan L
Medicare Part A Coinsurance and all costs after hospital benefits are exhausted (100%)	Medicare Part A Coinsurance and all costs after hospital benefits are exhausted (100%)
Medicare Part A Deductible (50%)	Medicare Part A Deductible (75%)
Medicare Part B Coinsurance or Copayment (50%)	Medicare Part B Coinsurance or Copayment (75%)
Blood (50%)	Blood (75%)
Hospice Care Coinsurance or Copayment (50%)	Hospice Care Coinsurance or Copayment (75%)
Medicare-covered Preventive Care Coinsurance (100% of the Medicare-approved amount)	Medicare-covered Preventive Care Coinsurance (100% of the Medicare-approved amount)
Skilled Nursing Facility Coinsurance (50%)	Skilled Nursing Facility Coinsurance (75%)

Note: Medigap Plans K and L provide for different cost-sharing for items and services than Medigap Plans A through J. You will have to pay some out-of-pocket costs for some covered services (a deductible) until you meet the yearly limit (Medigap Plan K — \$4,620 and Medigap Plan L — \$2,310 in 2009). Once you meet the yearly limit, the Medigap policy pays 100% of the Medicare copayments, coinsurance, and deductibles for the rest of the calendar year. 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. The out-of-pocket yearly limit can increase each year because of inflation.

5/13/2009

Medigap (Medicare Supplement Insurance)

21

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 22 *Speaker's Notes*

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 (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.

Items Not Covered

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

5/13/2009

Medigap (Medicare Supplement Insurance)

22

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 23 *Speaker's Notes*

The Medicare Improvements for Patients and Providers Act (MIPPA) of 2008

- Added hospice coverage as a basic benefit to all plans, as similar coverage was added in Plans "K" and "L"
- Deleted coverage for Preventive Services and At-home Recovery
- Creates a new Plans D & G
- Eliminates Plans E, H, I, and J
- And, creates new Plans M & N

MIPPA Changes

(Effective June 1, 2010)

- Adds hospice coverage
 - Basic benefit to all plans
- Deletes preventive services & at-home recovery
- Creates new Plans D & G
- Eliminates E, H, I, and J Plans
- Creates a new Plans M & N

5/13/2009

Medigap (Medicare Supplement Insurance)

23

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 24 Speaker's Notes

The charts on this slide and the next illustrate the 2010 MIPPA Medigap changes.

- Adds Hospice Coverage- Part A coinsurance*
- (Part A coinsurance + 365 days; Part B coinsurance or copayments for outpatient; blood, first 3 pints per year)
- Eliminates E, H, I, and J Plans
 - Plans E, H, I, and J will no longer be sold. However, people with these plans may keep them. They may have the chance to switch to another plan. Contact the insurance company or State Department of Insurance to find out your options.
- Creates a new Plan M, same as D but with a 50% coinsurance on the Part A deductible
- Creates a new Plan N, same as D but with 100% Part B coinsurance benefit, less \$20 per physician visit and \$50 per Emergency Room visit, unless patient is admitted

2010 MIPPA Medigap Changes (* denotes new plans and benefits)

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

5/13/2009

Medigap (Medicare Supplement Insurance)

24

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 25 Speaker's Notes

This chart shows how the MIPPA changes Medigap Plans A – G, effective June 1, 2010.

The Basic Benefits for Plans A, B, C, D, F* and G are as follows:

- **Hospitalization** – Part A Coinsurance plus coverage for 365 additional days after Medicare benefits end
- **Medical Expenses** – Part B coinsurance (generally 20% of Medicare-approved expenses) or copayments for hospital outpatient services
- **Blood** – First three pints of blood each year
- **Hospice** – Part A coinsurance

* Plan F also has an option called a high deductible Plan F. This high deductible plan pays the same benefits as Plan F after one has paid a calendar year (\$2,000 in 2010) deductible. Benefits from high deductible Plan F will not begin until out-of-pocket expenses exceed the deductible. Out-of-pocket expenses for this deductible are expenses that would ordinarily be paid by the policy. These expenses include the Medicare deductibles for Part A and Part B, but do not include the plan's separate foreign travel emergency deductible.

REFERENCE: NAIC-2008

2010 Carryover Medigap Plans

Plan A	Plan B	Plan C	Plan D	Plan F*	Plan G
Basic, including 100% Part B coinsurance (Basic: Part A coinsurance + 365 days; Part B coinsurance or copayments for outpatient; blood, first 3 pints per year; hospice (Part A coinsurance))	Basic, including 100% Part B coinsurance Part A Deductible	Basic, including 100% Part B coinsurance Part A Deductible Skilled Nursing Facility (SNF) coinsurance Part B Deductible Foreign Travel Emergency	Basic, including 100% Part B coinsurance Part A Deductible Skilled Nursing Facility (SNF) coinsurance Foreign Travel Emergency	Basic, including 100% Part B coinsurance Part A Deductible Skilled Nursing Facility (SNF) coinsurance Part B Deductible 100% Part B Excess Foreign Travel Emergency * Also a high deductible option of \$2,000	Basic, including 100% Part B coinsurance Part A Deductible Skilled Nursing Facility (SNF) coinsurance 100% Part B Excess Foreign Travel Emergency

5/13/2009

Medigap (Medicare Supplement Insurance)

25

Notes:

SLIDE 26 *Exercise*

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

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?

5/13/2009

Medigap (Medicare Supplement Insurance)

26

Notes:

SLIDE 27

Exercise

- A. All Plans A – J cover
1. Part A coinsurance for inpatient hospital care
 2. Dental care
 3. Prescription drugs
 4. All of the above

Exercise

A. All Plans A – J cover

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

5/13/2009

Medigap (Medicare Supplement Insurance)

27

Notes:

SLIDE 28

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

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

5/13/2009

Medigap (Medicare Supplement Insurance)

28

Notes:

SLIDE 29

Exercise

C. Which statement is true about Plans K and L

1. They pay only partial costs after Medicare pays its share
2. They do not have an annual out-of-pocket maximum
3. The out-of-pocket annual limits do not increase each year because of inflation.
4. These plans usually cost more

Exercise

C. Which statement is true about Plans K and L

1. They pay only partial costs after Medicare pays its share
2. They do not have an annual out-of-pocket maximum
3. The out-of-pocket annual limits do not increase each year because of inflation
4. These plans usually cost more

5/13/2009

Medigap (Medicare Supplement Insurance)

29

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 30 *Speaker's Notes*

Here is a more in-depth look at some special features of these and other special types of plans.

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

30

Notes:

SLIDE 31 *Speaker's Notes*

There are 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.

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 (waiver states)
- Medicare SELECT (network plans)

5/13/2009

Medigap (Medicare Supplement Insurance)

31

Notes:

SLIDE 32 *Speaker's Notes*

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

New Medigap policies with prescription drug coverage were no longer sold after January 1, 2006. These same policies may still be sold, but they can no longer include prescription drug coverage.

If your Medigap policy covers prescription drugs, you should have received detailed information from your Medigap insurance company telling you whether or not your Medigap drug coverage is considered **creditable coverage**.

Drug Coverage and Medigap

- Medigap policies covering prescription drugs
 - Only sold before 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

5/13/2009

Medigap (Medicare Supplement Insurance)

32

Notes:

SLIDE 33 *Speaker's Notes*

Of the standardized Plans A – L, Plans H, I, and J sold before 2006, included some limited prescription drug coverage. There are also policies available in Massachusetts, Minnesota, and Wisconsin and some pre-standardized plans purchased before mid-1992 that have prescription drug coverage, as well as some standardized policies with prescription drug coverage added through a policy rider as an innovative benefit.

Most Medigap policies sold before January 1, 2006, are not considered creditable prescription drug coverage. This means they may not be as good as Medicare prescription drug coverage because they don't expect to pay as much as the Medicare standard prescription drug plans will. If you kept Medigap drug coverage that is not creditable and you did not join a Medicare drug plan, you may have to pay a penalty to enroll in a drug plan later.

NOTE: Discount prescription drug cards offered as an innovative benefit are not considered "coverage" and therefore are not creditable coverage.

Medigap Plans With Drug Coverage

- Standardized Plans H, I, J
 - Sold before January 1, 2006
- Some policies in waiver states
 - Massachusetts
 - Minnesota
 - Wisconsin
- Some pre-standardized plans
- Others

5/13/2009

Medigap (Medicare Supplement Insurance)

33

Notes:

SLIDE 34 *Speaker's Notes*

Insurance companies are allowed to offer a “high-deductible option” on Plans F and J. If you choose this option, you must pay a \$2,000 deductible in 2009 before the plan pays anything.

High-deductible policies often have lower premiums, but if you need a lot of Medicare-covered health care services, supplies, and equipment, your out-of-pocket costs will be higher, and you may not be able to change to another Medigap policy.

In addition to paying the deductible for the high-deductible option on Plans F and J, you must also pay a deductible for foreign travel emergencies (\$250 per year for Plans F and J) and for prescription drugs (\$250 per year for Medigap Plan J policies sold before 2006; Medigap Plan F doesn't cover prescription drugs).

These high-deductible options on Plans F and J are not available in all states.

F and J High-Deductible Option

- \$2,000 deductible for 2009
 - 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
 - Prescription drugs
 - Foreign travel

5/13/2009

Medigap (Medicare Supplement Insurance)

34

Notes:

SLIDE 35 *Speaker's Notes*

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, but Plan K pays 50% of your deductible and coinsurance or copayment for most services, and Plan L pays 75%.

Plans K and L ☑

- Pay only partial costs after Medicare pays
- Have annual out-of-pocket maximum
- Plan K covers
 - 50% for most services
 - \$4,620 out-of-pocket limit in 2009
- Plan L covers
 - 75% for most services
 - \$2,310 out-of-pocket limit in 2009

5/13/2009 Medigap (Medicare Supplement Insurance) 35

In 2009, Medigap Plan K has a \$4,620 out-of-pocket annual limit and Plan L has a \$2,310 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.

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 36 *Speaker's Notes*

Earlier we mentioned that the standard Medigap Plans A through L are not available to people with Medicare in Massachusetts, Minnesota, and Wisconsin. This is because these states are considered "waiver" states, which means they already have comparable standardized policies to fill in the coverage gaps in Original Medicare. They have a different system that includes basic ("core") and optional ("rider") benefits. However, Minnesota and Wisconsin have approved the sale of Plans K and L in addition to core and rider plans.

Minnesota, Massachusetts, Wisconsin (waiver states)

- A different kind of standardized plan
 - NOT labeled Plans A – L
- Offer comparable benefits to standardized plans
 - Basic benefits
 - Optional benefits
- For information
 - Call State Insurance Department

5/13/2009

Medigap (Medicare Supplement Insurance)

36

Call your State Insurance Department for more information.

REFERENCE: Section 7, pages 38 – 40, 2009 *Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*.

NOTE TO INSTRUCTOR: If you don't work with people who live in one of these three states, you may want to hide this slide.

Notes:

SLIDE 37

Speaker's Notes

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 *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare* (CMS Publication No. 02110).

Medicare SELECT

- A type of Medigap policy (Plans A – L) with networks
- To get full benefits (except in emergency)
 - Must use specific hospitals
 - In some cases must see specific doctors
- Generally cost less than non-network plans
- Can switch to another Medigap plan
 - Same or lower value
- May not be offered in your state

5/13/2009

Medigap (Medicare Supplement Insurance)

37

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 38 *Speaker's Notes*

This section discusses Medigap costs.

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

38

Notes:

SLIDE 39 *Speaker's Notes*

The cost of a Medigap policy will be different depending on your age (in some states), where you live (for example, urban or rural county or ZIP Code), and the insurance company from which you buy the policy. There can be big differences in the premiums that different insurance companies charge for exactly the same coverage.

Other factors that may affect your cost are:

- Whether you are male or female. Some companies offer discounts for females
- Whether you smoke or not. Some companies offer discounts for nonsmokers
- Whether you are married or not. Some companies offer discounts for married couples
- Medical underwriting

How Much Does Medigap Cost?

- Depends on
 - Your age (in some states)
 - Where you live
 - Company selling the policy
- Can be big differences in premiums
 - For exactly the same coverage
- Compare the same Medigap policies

5/13/2009

Medigap (Medicare Supplement Insurance)

39

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 40 *Speaker's Notes*

Insurance companies have three ways to price 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.

REFERENCE: Page 14 of 2009 *Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*.

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

5/13/2009 Medigap (Medicare Supplement Insurance) 40

Notes:

SLIDE 41 *Speaker's Notes*

Another way to price policies is through underwriting. Underwriting is a process that an insurance company uses to review your health and medical history to decide:

- Whether to accept your application for insurance
- How much to charge you
- Whether to make you wait for some benefits

With medical underwriting, you usually must answer medical questions on an application. You need to fill out this application carefully and completely or your policy could be invalid. Some companies may want to review your medical records before they sell you a policy. The company can use this information to decide how much to charge you for a Medigap policy or to add a waiting period for pre-existing conditions if your state law allows it.

What is Underwriting?

- Review
 - Health status
 - Medical history
- Insurance company determines
 - Whether to accept your application
 - How much to charge you
 - Whether to make you wait for some benefits
- Application
 - Usually includes medical questions
 - Fill out carefully

5/13/2009 Medigap (Medicare Supplement Insurance) 41

Notes:

SLIDE 42 *Speaker's Notes*

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.

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

5/13/2009

Medigap (Medicare Supplement Insurance)

42

Notes:

SLIDE 43 *Speaker's Notes*

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.

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

5/13/2009

Medigap (Medicare Supplement Insurance)

43

Notes:

SLIDE 44 *Speaker's Notes*

You may want to delay enrolling in Medicare Part B if you or your spouse are 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.

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

5/13/2009

Medigap (Medicare Supplement Insurance)

44

Notes:

SLIDE 45

Speaker's Notes

Buying a Medigap policy is an important personal decision. You should shop carefully to get the policy you can afford that gives you the coverage you need. Insurance companies may charge different amounts for the same Medigap policy. To buy a Medigap policy, follow the four steps on this slide.

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

REFERENCE: These four steps are described on pages 21 – 26 of *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*.

Buying a Medigap Policy

- Important decision—shop carefully
- 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

5/13/2009

Medigap (Medicare Supplement Insurance)

45

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 46

Exercise

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.

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 Medigap 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?

5/13/2009

Medigap (Medicare Supplement Insurance)

46

Notes:

SLIDE 47 *Exercise*

- A. Companies may not sell new Medigap policies covering prescription drugs after January 1, 2006?
1. True
 2. False

Exercise

- A. Companies may not sell new Medigap policies covering prescription drugs after January 1, 2006?
1. True
 2. False

5/13/2009

Medigap (Medicare Supplement Insurance)

47

Notes:

SLIDE 48 *Exercise*

B. Your Medigap Open Enrollment Period

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

Exercise

B. Your Medigap Open Enrollment Period

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

5/13/2009

Medigap (Medicare Supplement Insurance)

48

Notes:

SLIDE 49

Exercise

- C. Once the 6-month Medigap open enrollment period starts, it can't be changed
1. True
 2. False

Exercise

- C. Once the 6-month Medigap open enrollment period starts, it can't be changed
1. True
 2. False

5/13/2009

Medigap (Medicare Supplement Insurance)

49

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 50 *Speaker's Notes*

There are additional resources for more information.

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

50

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 51

Speaker's Notes

To get more information about Medigap policies in your state:

- Call your SHIP to get free counseling to help you decide which policy is best for you. Your SHIP can tell you what Medigap policies are available in your state and which companies sell them. Ask if they have a “Medigap rate comparison shopping guide” for your state. This type of guide usually lists the insurance companies that sell Medigap policies in your state and their costs. (SHIPS have various names depending on the state, e.g., SHINE, APPRISE, VICAP, HIICAP.)
- Call your State Insurance Department
- Visit the Medicare website at **www.medicare.gov**
- Call 1-800-MEDICARE (1-800-633-4227)

Getting Information

- State Health Insurance Assistance Program
 - (SHIP)
 - Ask for a rate guide or shopper's guide
- Your State Insurance Department
- www.medicare.gov
- 1-800-MEDICARE (1-800-633-4227)

5/13/2009

Medigap (Medicare Supplement Insurance)

51

Notes:

SLIDE 52

The thumbnail shows a presentation slide with the following content:

- Top right corner: A small square icon with a diagonal line.
- Center: **Lesson 2**
Medigap in Detail
- Bottom left: 5/13/2009
- Bottom center: Medigap (Medicare Supplement Insurance)
- Bottom right: 52

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 53 *Speaker's Notes*

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

Session Topics

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

5/13/2009 Medigap (Medicare Supplement Insurance) 53

Notes:

SLIDE 54 *Speaker's Notes*

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

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

54

Notes:

SLIDE 55 *Speaker's Notes*

A Medigap insurance company may be able to make you wait for coverage of a pre-existing condition. A pre-existing condition is a health problem you have before the date a new insurance policy starts.

In some cases, if you have a health problem before your Medigap policy starts, a Medigap insurance company can refuse to cover that health problem for up to 6 months. This is called a "pre-existing condition waiting period." The insurance company can only use this kind of waiting period if your health problem was **diagnosed** or **treated** during the 6 months before the Medigap policy starts. The insurance company can't make you wait for coverage of your condition just because they think you should have known to see a doctor.

Pre-Existing Condition

- Health problem before new policy starts
- Medigap issuer can refuse to cover that condition
 - If diagnosed or treated during the 6 months before the policy starts
 - For up to 6 months in some cases
 - Called "pre-existing condition waiting period"

5/13/2009

Medigap (Medicare Supplement Insurance)

55

Notes:

SLIDE 56 *Speaker's Notes*

It is possible to avoid or shorten waiting periods for pre-existing conditions. This is possible if you have **prior creditable coverage**. Prior creditable coverage is generally any other health coverage you recently had before applying for a Medigap policy. It's important to note that this definition of creditable coverage is different from the definition of creditable coverage for Medicare Part D.

If you have at least 6 months of prior creditable coverage, the Medigap insurance company cannot refuse to cover pre-existing conditions. Any new health problem would be covered immediately, regardless of whether you had creditable coverage.

Whether you can use creditable coverage depends on whether you had any breaks in coverage for more than 63 days. If there was any time that you had no health coverage of any kind and were without coverage for more than 63 days, you can only count creditable coverage you had after that break in coverage.

Creditable Coverage ☑

- Coverage you had before applying for Medigap
 - Can avoid or shorten waiting period for a pre-existing condition
 - Medigap issuer cannot refuse to cover pre-existing conditions
 - If at least 6 months creditable coverage
 - With no break in coverage of more than 63 days

5/13/2009 Medigap (Medicare Supplement Insurance) 56

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 57 *Speaker's Notes*

The following are examples of health care coverage that may count as creditable coverage for Medigap policies:

- 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
- CHIP (Children's Health Insurance Program), generally for families with limited income and resources

Examples of Creditable Coverage

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

5/13/2009

Medigap (Medicare Supplement Insurance)

57

Notes:

SLIDE 58 *Speaker's Notes*

The following are examples of policies that don't count as creditable coverage:

- Hospital indemnity insurance, for example, a plan that pays a flat benefit amount to you for each day you are hospitalized
- Specified disease insurance (like cancer insurance)
- Vision or dental policies
- Long-term care policies

Not Creditable Coverage

- Hospital indemnity insurance
- Specified disease insurance
 - For example, cancer insurance
- Vision or dental policies
- Long-term care policies

5/13/2009

Medigap (Medicare Supplement Insurance)

58

Notes:

SLIDE 59 *Exercise*

Let's look at an example to see if Harry has prior creditable coverage.

Answers:

1. No, but the company can refuse to cover Harry's heart disease (a pre-existing condition) for 2 months.
2. Since Harry had Medicare Part A and Part B from November 2008 through February 2009, 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 2009—after Medicare pays its share, Harry will have to pay the rest of the costs for the care of his heart disease.
3. 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.

Remember, prior creditable coverage can be shorter than 6 months and would reduce waiting time accordingly.

Let's look at a case study...

- Harry is 65. He was diagnosed with heart disease early in 2008. He had no health insurance coverage until his Medicare Part A and Part B started November 1, 2008. Harry buys a Medigap policy with coverage starting March 1, 2009.
 1. Can the Medigap insurance company refuse to cover Harry's heart condition for 6 months?
 2. Does Harry have prior creditable coverage?
 3. What if Harry's heart condition hadn't been diagnosed?

5/13/2009

Medigap (Medicare Supplement Insurance)

59

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 60

Speaker's Notes

Some people under age 65 may qualify for Medicare. Medigap rules are different for people under 65.

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

60

Notes:

SLIDE 61

Speaker's Notes

There is no Medigap open enrollment period under Federal law for people who are under age 65 and have Medicare because of a disability, but state law may provide more generous protections.

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 are 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 and also sign up for a Medicare Prescription Drug Plan.

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 more 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 reapply at 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 give Medigap rights to people under 65
- 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

5/13/2009

Medigap (Medicare Supplement Insurance)

61

Notes:

SLIDE 62 *Speaker's Notes*

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. 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, Delaware, Hawaii, Illinois, 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.

*Medigap not available to people with ESRD under age 65.

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. But generally, Medigap policies sold to people under age 65 may cost more than policies sold to people over age 65.

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.

REFERENCE: Pages 33 & 40 of 2009 *Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*.

Medigap for People Under 65

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

5/13/2009

Medigap (Medicare Supplement Insurance)

62

Notes:

SLIDE 63 *Speaker's Notes*

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 your Medigap policy for up to 2 years if you have Medicaid coverage.

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

5/13/2009

Medigap (Medicare Supplement Insurance)

63

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 64

Exercise

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. Original Medicare gaps for hospital stays in 2009:

- \$1,068 deductible for days 1 – 60
- \$267 coinsurance per day for days 61 – 90
- \$534 coinsurance per day for days 91 – 150

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?

5/13/2009

Medigap (Medicare Supplement Insurance)

64

Notes:

SLIDE 65

Speaker's Notes

This section discusses Medicaid, and how it works with Original Medicare and Medigap.

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

65

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 66 *Speaker's Notes*

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.

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

5/13/2009 Medigap (Medicare Supplement Insurance) 66

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:

- Medicaid pays your Medigap premium
- 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.

Notes:

SLIDE 67 *Speaker's Notes*

If you put your Medigap policy on hold (suspend it):

- You won't have to pay your Medigap policy premiums while it is suspended
- Your Medigap policy won't pay benefits while it is suspended
- At the end of the suspension, you can restart the Medigap policy without new medical underwriting or waiting periods for pre-existing conditions
- If you suspend a Medigap policy you bought before January 2006, and it included prescription drug coverage, you can get the same Medigap policy back, but without the prescription drug coverage

There are advantages to suspending your Medigap policy rather than dropping it. However, in some cases, it may not be a good idea to suspend your Medigap policy. Call your State Medicaid office or State Health Insurance Assistance Program (SHIP) to help you with this decision. To get the phone number, call 1-800-MEDICARE (1-800-633-4227), or TTY 1-877-486-2048. For questions about suspending a Medigap policy, call your Medigap insurance company.

Suspending Medigap ☐

- Right to suspend Medigap
 - Within 90 days of getting Medicaid
 - Do not pay premiums
 - Policy will not pay benefits
 - Can suspend policy for up to 2 years
 - Can start it up again
 - No new medical underwriting
 - No pre-existing condition waiting periods
- Call state Medicaid office

5/13/2009 Medigap (Medicare Supplement Insurance) 67

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 68 *Speaker's Notes*

There are Medigap protections (guaranteed issue rights).

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

68

Notes:

SLIDE 69 *Speaker's Notes*

There are some situations when you have a **guaranteed issue** right, when insurance companies are required by law to sell or offer you a Medigap policy to buy a Medigap policy.

You should keep a copy of any letters, notices, and claim denials (and the post-marked envelope they come in) as proof of loss of coverage. Be sure to keep anything that has your name on it. You may need to send a copy of some or all of these papers with your application for a Medigap policy to prove you lost coverage and have the right to these protections.

The Medigap protections in this section are from Federal law. Many states provide more Medigap protections than Federal law. Call your State Health Insurance Assistance Program (SHIP) or State Insurance Department for more information.

Medigap Rights and Protections

- Also called “guaranteed issue rights”
- Special rights to buy Medigap based on occurrence of certain events
- Keep
 - Letters
 - Claim denials
 - Postmarked envelopes
- Protections are in Federal law
 - Many states provide more Medigap protections
 - Call your SHIP or State Insurance Department

5/13/2009

Medigap (Medicare Supplement Insurance)

69

Notes:

SLIDE 70 *Speaker's Notes*

There are a few situations involving health coverage changes where you may have a guaranteed issue right to buy a Medigap policy. Generally, you must apply for a policy within 63 days from the day your other coverage ends.

In these situations, an insurance company:

- Can't deny you Medigap coverage or make you wait for coverage to start
- Must cover you for all pre-existing conditions
- Can't charge you more for a policy because of past or present health problems

Although in certain situations you have a guaranteed issue right to purchase a Medigap policy, this does not necessarily guarantee you the right to choose any Medigap plan. In most cases, there are limited plans from which you can choose.

Summary of Medigap Protections

- Guaranteed issue rights in some situations
 - Right to buy a Medigap policy
 - Apply within 63 days from other coverage ending
- In these situations, an insurance company
 - Must sell you a Medigap policy
 - Must cover all pre-existing conditions
 - Can't charge more because of past or present health problems

5/13/2009

Medigap (Medicare Supplement Insurance)

70

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 71 *Speaker's Notes*

Here is a summary of some situations 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.

Guaranteed Issue Rights

- Rights to purchase in most cases 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. Health coverage ends because 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

5/13/2009

Medigap (Medicare Supplement Insurance)

71

Notes:

SLIDE 72 *Speaker's Notes*

Situation #5: You dropped a Medigap policy and joined a Medicare Advantage Plan, other Medicare plan, or switch to Medicare Select for the first time and now you want to leave. You only have this guaranteed issue right if you have been in the plan less than a year (trial period). (Previous plan if available or, if not, A, B, C, F, K, or L*)

Situation #6: Your Medigap insurance company goes bankrupt and you lose your coverage, or your Medigap policy coverage ends through no fault of your own. (A, B, C, F, K, or L*)

Situation #7: You leave your plan because your Medicare Advantage Plan or Medigap insurance company has committed fraud. For example, the marketing materials were misleading, or quality standards were not met. (A, B, C, F, K, or L*)

* 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.

Guaranteed Issue Rights (continued)

5. You dropped a Medigap policy and enrolled in Medicare Advantage Plan for first time
 - Stayed in the plan less than a year and
 - Want to switch back
6. Medigap coverage ends through no fault of your own
7. Plan or insurance company committed fraud

5/13/2009

Medigap (Medicare Supplement Insurance)

72

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 73

Exercise

Answer:

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)

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?

5/13/2009

Medigap (Medicare Supplement Insurance)

73

Notes:

SLIDE 74 *Speaker's Notes*

There are other types of supplemental insurance.

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

74

Notes:

SLIDE 75

Speaker's Notes

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

- **Employers or unions**—Group health coverage 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. You have various rights once your employer-sponsored plan ends.
- **Organizations or associations**—Group health coverage for members of an organization or association. May or may not have a lower rate than 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**—Provides expanded medical coverage to Medicare-eligible uniformed services retirees age 65 or older and their family members.
- **COBRA**— 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.)

Other Supplemental Insurance (non-Medigap)

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

5/13/2009 Medigap (Medicare Supplement Insurance) 75

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 76 *Speaker's Notes*

There are additional resources for more information.

Session Topics

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

5/13/2009

Medigap (Medicare Supplement Insurance)

76

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 77

Speaker's Notes

NOTE TO INSTRUCTOR: This slide is included for you to add local information such as special enrollment rights and guaranteed issue rights for people under age 65.

Local Information

5/13/2009 Medigap (Medicare Supplement Insurance) 77

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 78

Speaker's Notes

The primary reference source for this module was the *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*. This publication is available at www.medicare.gov on the Medicare website. Information is also available from State Insurance Departments and SHIPs.

Information Sources for Medigap

- *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*
 - Available on www.medicare.gov
- SHIP
- State Insurance Department
- 1-800-MEDICARE
 - 1-800-633-4227
 - 1-877-486-2048 for TTY users

5/13/2009

Medigap (Medicare Supplement Insurance)

78

You can also call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

In most cases, your State Insurance Department can help you with insurance-related problems. You can find the number for your state in the *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*.

Notes:

Module 3: Medigap (Medicare Supplement Insurance)

SLIDE 79 Speaker's Notes

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.

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 2009).

5/13/2009

Medigap (Medicare Supplement Insurance)

79

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 *2009 Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*, which summarizes the benefits under each plan.

Notes:
